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ABSTRACT

Representing the work of a Task Force on Community College Finance established by the California State Legislature, this report recommends criteria and standards for the implementation of a new program-based funding mechanism for the state's community colleges. After reviewing the legislative mandate for the implementation of program-based funding, the report recommends standards determining level of service and the corresponding funding deemed appropriate for five categories of community colleges operations: (1) credit instruction, with the standard ratio of full-time/part-time instructors set at 75/25 and the standard student/faculty ratio set at 25/1; (2) instructional services and libraries, with standards established for the staffing and materials of libraries and media centers; (3) student services, with standards and unit costs established for admissions/records, orientation, assessment, counseling and career planning, financial aid, placement services, and student activities; (4) maintenance and operations, with allocations based on footage of owned facilities and enrollments at leased facilities; and (5) institutional support. Next, the report explains the use of two proposed allocations for each district: a target allocation determined by defining standards that are then translated into the level of funding needed to meet the standards and a standard allocation determined by simplified formulas that attempt to come as close as possible to the target allocation. Proposals regarding minimum and equalization funding conclude the report. Relevant legislation, standard allocation formulas and workload measures for program-based funding, standard allocations for each district, a comparison of current formula revenue and standard allocations, and an extensive report, "Program-Based Funding Model for the California Community Colleges," by MPR Associates are appended. (AYC)

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PROGRAM-BASED FUNDING UPDATE

BOARD OF GOVERNORS
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Board of Governors
California Community Colleges
January 18-19, 1990

PROGRAM-BASED FUNDING UPDATE 10

First Reading, Action Pending, March Board meeting

Background

AB 1725 requires the Board of Governors to submit a report on the basic structure of program-based funding to the Legislature and the Governor in March 1990. This agenda item is presented to the Board as a first draft of that report. The report is to contain the Board's "criteria and standards" for implementing a program-based funding mechanism. Systemwide implementation of the new mechanism is scheduled for July 1, 1991, provided that adequate program improvement funds, as certified by the Board, have been allocated. These provisions are found in Section 84750 of the *Education Code* and in Section 70 of AB 1725, which are included as Appendices A and B, respectively, of the report that follows.

Program-based funding is a method of allocation that more closely reflects actual costs. This is in contrast to the current method, which provides funds for all aspects of a district's operation on the basis of average daily attendance (ADA).

Program-based funding will provide two proposed allocations for each district:

1. Target Allocation
2. Standard Allocation

The target allocation will be determined by defining standards that are then translated into the level of funding necessary to meet these standards. The standard allocation will be determined by simplified formulas that attempt to come as close as possible to the target allocation.

Analysis

The report that follows refers to a Task Force on Community College Finance, which was established by the Legislature. During an 18-month period, the Task Force and an ad hoc committee, convened by the Chancellor to review and build upon the work of the Task Force, designed the essential components of program-based funding. It is the work of the Task Force and ad hoc committee, along with innumerable discussions held with many groups in and out of the consultation process, that is reflected in

this item. The consultation process is continuing and some additions, deletions, and other modifications to the report will likely occur between this draft and the final version.

The Legislature has indicated that program-based funding can be implemented on July 1, 1991, if a total of $140,000,000 in program improvement funds has been provided by that time. If the Board of Governors, consistent with this estimate, concurs that adequate funding has been provided, and if an additional $70,000,000 in program improvement funds are appropriated by that date, program-based funding will be implemented on schedule.

Staff Presentation: *Joseph Newmyer, Vice Chancellor*
Fiscal Policy

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Report to the Governor and the Legislature on Program-Based Funding in the California Community Colleges

This report is submitted by the Board of Governors of the California Community Colleges pursuant to the requirement of Section 84750 of the *Education Code* as incorporated from AB 1725 of 1988. The full text of *Education Code* Section 84750 and of Section 70 of AB 1725, which contains conditions for the implementation of program-based funding, are included with this report as Appendices A and B, respectively. The beginning of Section 84750 states:

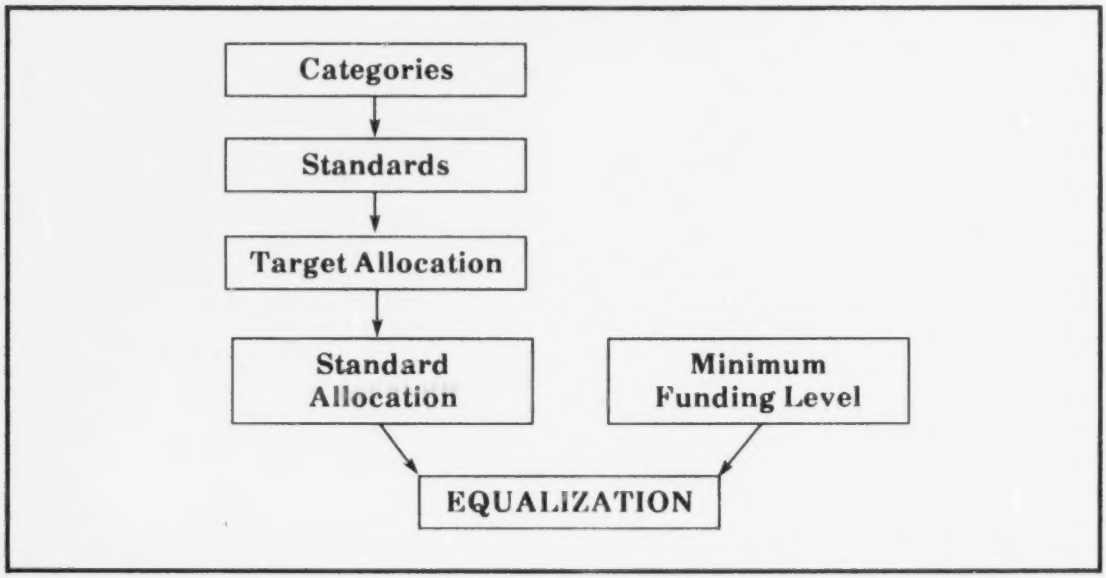
> The board of governors, in accordance with the statewide requirements contained in subdivisions (a) to (j), inclusive, and in consultation with institutional representatives of the California Community Colleges and statewide faculty and staff organizations so as to ensure their participation in the development and review of policy proposals, shall develop criteria and standards for the purposes of making the annual budget request for the California Community Colleges to the Governor and the Legislature, and for the purpose of allocating the state general apportionment revenues, beginning with the budget request for the 1991-92 fiscal year.
>
> In developing the criteria and standards, the board of governors shall utilize and strongly consider the guidelines and work products of the Task Force on Community College Financing as established pursuant to Chapter 1465 of the Statutes of 1986, and shall complete the development of these criteria and standards, accompanied by the necessary procedures, processes, and formulas for utilizing its criteria and standards, by March 1, 1990, and shall submit on or before that date a report on these items to the Legislature and the Governor.

This report relies heavily on the "work product" of the Task Force on Community College Financing, established pursuant to Chapter 1465 of the Statutes of 1986, and the Ad Hoc Committee for Community College Financing Reform. The Ad Hoc Committee was convened by the Chancellor's Office to review and build upon the work of the Task Force and consisted of several Task Force members, Chancellor's Office staff, and MPR Associates (staff consultants to the Task Force). A copy of the Ad Hoc Committee's work product, as prepared by MPR Associates, is included with this report as Appendix I since it makes an excellent reference document and contains a significant amount of background information essential to a full understanding of program-based funding.

As designed by the Task Force, program-based funding included several basic elements, which are shown in Figure 1. Each of these elements, and the relationship

between and among them will be discussed in this report. It is important to remember that program-based funding is designed as a revenue-allocation method. It is not intended to be an expenditure model. While the allocation will be related to individual areas, the districts will not be required to expend those funds in those areas.

Figure 1



Categories

The Task Force was required to develop a financing mechanism "which would differentiate among the major categories for operating community colleges. . . ." It proposed five major categories that have been adopted for this report:

1. Instruction (Credit)
2. Instructional Services and Libraries (Credit)
3. Student Services (Credit)
4. Maintenance and Operations
5. Institutional Support

The Task Force considered a sixth category, Academic Administration, which included the direct administrative overhead for the Instruction category. For example, the cost(s) of division deans, deans of instruction, *et al.*, were included in Academic Administration. The question was whether to keep it as a separate category or to place it within Institutional Support or Instructional Services. An analysis of the other categories revealed that the direct administrative overhead was included within each. That is, the deans of counseling were included under the

Student Services category. Similarly, the directors of maintenance and operations were included within the Maintenance and Operations category. Therefore, to be consistent, Academic Administration is included within the Instruction category.

Program-based funding is designed to allocate the general State apportionment, exclusive of capital outlay and categorical expenditures. It is intended that the allocations for these special areas be kept separate and remain categorical. One possible exception involves the categorical allocation for matriculation. This allocation is currently under study and may become part of the program-based funding model.

Standards

Probably the most innovative and influential recommendation of the Task Force was that standards be developed, refined, and periodically updated for each of the five categories. The standards determine the level of service and the corresponding funding deemed appropriate for each category. Along with the categories established for program-based funding, the standards will provide the justification and rationale for the appropriate level of funding for community colleges. In addition, the standards furnish a framework within which the needs of students receive primary consideration. A detailed description of the standards for each of the five categories is shown below.

Instruction (Credit)

For Instruction (credit), the Task Force recommended two specific standards: (1) the ratio of full-time instructors, and (2) the student/faculty ratio.

Section 35 of AB 1725, enacted as *Education Code* Section (ECS) 87482.6 states that:

> . . . the Legislature wishes to recognize and make efforts to address longstanding policy of the board of governors that at least 75 percent of the hours of credit instruction in the California Community Colleges should be taught by full-time instructors.

To demonstrate this commitment, districts are required to allocate up to 40 percent of their program improvement funds toward increasing the number of full-time credit instructors. The Task Force recommendation for the second standard was that the student/faculty ratio should be 25 to 1.

The work of the Task Force has been refined and modified by staff into the following standards for Instruction:

- Teaching faculty ratio of 75% contract and 25% hourly.

- Statewide average contract faculty salaries comparable to those paid by the California State University.
- An allocation equivalent to the average of the top ten states other than California.
- If the preceding standard cannot be met, an allocation to provide for a student/faculty ratio of 25 to 1.
- Flat rate per workload measure to cover the costs of staff support and supplies ($388 for 1988-89).
- An allocation of 12.5 percent of the above standards for academic administration.

Most community colleges use a combination of contract and hourly faculty to teach courses. The Task Force recognized the importance of continuing this practice, and recommended that the use of contract faculty in credit courses be set at 75 percent of full-time-equivalent (FTE) faculty assignments. Contract faculty perform a wide range of services outside the classroom, including holding regular office hours, advising students, and serving on committees. The members of the Task Force felt these were sound educational reasons for encouraging the use of contract faculty by providing colleges with the resources to cover the higher costs (two to three times more on average than hourly faculty). However, the Task Force also recognized the importance of flexibility in staffing, particularly given recent fluctuations in enrollment in districts across the state. The Task Force, therefore, recommended a faculty mix of 75 percent contract and 25 percent hourly faculty for credit instruction to ensure a solid core of permanent faculty while providing sufficient flexibility in allocating resources. In addition, staff are considering a possible regulatory provision requiring districts to maintain their existing level of instruction taught by full-time faculty. Districts will also be expected to increase existing levels with the infusion of specific program improvement (equalization) funds. Districts failing to maintain the appropriate levels will accordingly have their base funding reduced.

A survey published by the California Postsecondary Education Commission (CPEC Reports, Faculty Salaries in California's Public Universities, 1973 through 1987) indicates that in 1975 the average salary of community college faculty was 2.6 percent above that of faculty in the California State University (CSU). More recent data show CSU faculty salaries are now 14.9 percent higher than those in the Community Colleges. The standard of equivalent salaries is essential if community colleges are to be successful in their efforts to recruit and retain an increased number of faculty from underrepresented groups, as mandated by AB 1725. This challenge will be exacerbated by the high level of faculty turnover expected in the next ten years.

The third standard is a direct reflection of a major provision of Proposition 98. Excess funds that accrue to the State over and above its Gann Limit are to be allocated to K-12 and community college districts. For districts, this allocation would continue until funding reaches the average of the top ten states other than California. Because this provision is now included in the State Constitution, it seems reasonable to use it as a standard for program-based funding.

For the fourth standard, the Task Force recommended a student/faculty ratio for the Community Colleges based on an assessment of comparable teaching assignments in the State University system. The CSU ratio is approximately 20.5 to 1 for lower division courses; this ratio was adjusted to reflect the higher teaching loads in the Community Colleges (five versus four courses per term), establishing a target of 25 to 1.

For the fifth standard rather than try to identify clerical and support staff salaries and the appropriate ratio of staff to faculty, the Task Force decided it would be simpler to specify a flat amount per full-time-equivalent student (FTES) to cover the costs of support staff and supplies. The flat amount was based on the residual after calculating total faculty salaries and benefits and subtracting these costs from the total amount spent on instruction in 1984-85. This yielded $358 per credit FTES in 1986-87, which was then adjusted for inflation to yield $388 per credit FTES in 1988-89.

For the sixth standard, the Task Force had the CSU funding model for Academic Administration simulated. The result statewide equaled 12.5 percent of the other original Task Force standards for Instruction but individual application of the model created inequities among districts. The Task Force chose to establish the 12.5 percent of the other Instruction standards as its standard for Academic Administration since the workload for this standard is related to the number of staff and funding level for the category of Instruction.

Under the conditions that existed for 1988-89, the third standard generates sufficient dollars to cover the fourth, fifth, and sixth standards for the category of Instruction.

Instructional Services and Libraries (Credit)

The Association of College and Research Libraries (ACRL) is a division of the American Library Association (ALA). In 1960, ACRL adopted national standards for the organization and funding of library/learning resources programs. The standards, revised periodically, are separate for university and research libraries, four-year college libraries, and community college library/Learning Resources Center (LRC) programs. The national standards for community colleges were used by the Learning Resources Association of the California Community Colleges (LRACCC) in 1974 to develop guidelines more closely tailored to publicly funded institutions.

Although the ALA/ACRL has developed both "minimum" and "excellent" levels, the Task Force examined and applied only the "minimum" levels. To provide for other recognized program activities, the Task Force supplemented the ALA/ACRL standards by including CSU program-based funding formulas for libraries that address those program activities (e.g., automation and computerization).

The most recent set of standards adopted by the ALA/ACRL were developed jointly with the Association of Educational Communications and Technology (AECT). These standards include a media-services component that was not present in earlier ALA/ACRL documents used by the Task Force. While the new component has been included in this report, no adequate standards have yet been established for learning resource centers.

Libraries

Staffing and materials standards were used in developing the libraries component of the model. (See Table 1.)

Table 1

ALA/ACRL – AECT – CSU Minimum Standards for Libraries

College Size	Type of Staff		Materials	
FTES	**Professional** *(Certification)*	**Support** *(Classification)*	**Periodicals** *(No. Subscriptions)*	**Volumes** *(No. on Shelf)*
< 1,000	2.0	3.0	230	30,000
1,001–3,000	2.5	3.5	300	40,000
3,001–5,000	3.5	6.5	500	60,000
5,001–7,000	6.0	10.5	700	80,000
Each Additional 1K	0.5	1.0	5	7,500

The replacement rate (i.e., replacing old, outdated material with new material) for printed matter ("Volumes") was set at 3 percent of the minimum standard (although the ALA/ACRL – AECT recommends a 3-5 percent rate of replacement) with an average replacement cost of $31 per volume. Magazines must be renewed annually at an average cost of $57. Professional staff were calculated to have an annual salary of $39,408 per FTE, and support staff an average salary of $18,807 per FTE.

The model was calculated on a per college basis and compared to 1984-85 allocations for libraries; however, allocations for colleges in multi-campus districts were first aggregated to the district level and then compared with 1984-85 expenditures.

To calculate the per college allocation, the following formula was used:

College Libraries Allocation = (# professionals x salary)
+ (# support staff x salary)
+ (# periodicals x $57)
+ [(# volumes x 3%) x $31]
+ Administrative and Fixed Costs $16,975
+ Per Student Allocation $1.50 x FTES
+ Book Binding:
[(FTES x 0.008) + $1,900] x $15.672
+ Technical Processing Costs:
[$4.20 x (#volumes x 3%)]
+ Contractual Services (On-Line Bibliographic Utility, Automated Library Systems, and On-Line Data Bases/Indexes: $55,000

To avoid discontinuities in college allocations in the intersections between size groupings (e.g., between 1,000 FTES and 1,001), a college would receive a marginal complement of staff for each additional FTES; hence, the college is allocated the full 2.5 professional staff only when FTES reaches 3,000.

Media Centers

Staffing and materials standards were used in developing the media centers component of the model. (See Table 2.)

Table 2

ALA/ACRL – AECT – Minimum Standards for Media Centers

College Size	Type of Staff		Materials	
FTES	**Professional** *(Certification)*	**Support** *(Classification)*	**Video/Film** *(No. on Shelf)*	**Other** *(No. on Shelf)*
< 1,000	0.5	1.5	140	2,500
1,001–3,000	0.5	2.5	400	5,100
3,001–5,000	1.0	3.0	750	8,000
5,001–7,000	1.5	5.0	1,250	10,000
Each Additional 1K	0.25	1.0	200	2,000

The replacement rate (i.e., replacing old, outdated material with new material) for video/film is set at 3 percent (although the ALA/ACRL – AECT recommends a 3-5 percent rate of replacement). The average cost for video/film is $25; the average cost for other items is set at $196 (total). Professional staff were calculated to have an

annual salary of $39,408 per FTE and support staff an average salary of $18,807 per FTE.

The model was calculated on a per college basis and compared to 1984-85 allocations for media centers; however, allocations for colleges in multi-campus districts were first aggregated to the district level and then compared with 1984-85 expenditures.

To calculate the per college allocation, the following formula was used:

College Media Center Allocation = (# professionals x salary)
+ (# support staff x salary)
+ (# video/film x 3% x $25)
+ (# other x 3% x $196)
+ Per Student Allocation $1.50 x FTES
+ Technical Processing Costs:
[$4.20 x (total # items x 3%)]

To avoid discontinuities in college allocations in the intersections between size groupings (e.g., between 1,000 FTES and 1,001), a college would receive a marginal complement of staff for each additional FTES; hence, the college is allocated the full 1.0 professional staff only when FTES reaches 5,000.

Student Services (Credit)

The Student Services (credit) category includes an array of services from admissions and records to student financial aid. MPR Associates who served as Task Force staff consultants, met several times with staff from the Chancellor's Office and the student services officials representing different service subcategories to develop standards for this category. The resulting standards delineate the functions within the student services area and reflect the approximate costs of providing these services. Student Services was the only category to include any of the categorical funding provided to the Community Colleges. The matriculation model, developed by MPR Associates and submitted to the Chancellor's Office in March 1984, provided the best estimate of standards in these student services subcategories, and so were incorporated into the funding model. The standards do include the full cost of matriculation, but as was mentioned earlier, categorical funds are excluded for the time being. Only unrestricted funds are currently included; staff anticipates that in the next few years, restricted funds for matriculation will also be included.

Standards and Unit Costs in Student Services

- **Admissions and Records**: statewide average expenditure per credit headcount enrollment ($40);

- **Orientation**: matriculation standards (Flat amount per campus for preparation) ($3,429) plus a per student allocation for 80 percent of new credit students ($5.21);

- **Assessment**: matriculation standards (Two tests per student tested plus administrative overhead ($5.35); 80 percent of new students would be tested);

- **Counseling and Career Planning**: matriculation standards (Flat amount per counseling session ($31.83); 80 percent of new students counseled, 50 percent of continuing students counseled – yields approximate student: counselor ratio of 355:1);

- **Financial Aid**: statewide average expenditures per fall credit enrollee ($22.25);

- **Placement Services**: 1 director + 1 FTE staff per 10,000 fall credit enrollees + 1 clerical FTE + 1 clerical FTE per 4 staff employees;

- **Student Activities**: 1 director + 1 FTE staff per 10,000 fall credit enrollees + 1 clerical FTE + 1 clerical FTE per 4 staff employees;

- Statewide average salaries and benefits for professional ($48,561) and clerical staff ($23,176); and

- Flat rate per credit headcount enrollment to cover other student services ($45.69).

Maintenance and Operations

The standards used for maintenance and operations are based on a detailed study that developed standards for the California State University (CSU). The firm, Clyde Gordon Associates, that conducted the study has been utilized by the Community Colleges for advise in the design of the program-based funding model. The firm studied two community colleges and found that in regards to maintenance and operations, the Community Colleges have a very close correlation with the State University's campuses. In addition, Clyde Gordon Associates found that the extremely complex cost standards developed for CSU could be condensed into a single standard for community colleges that involves a single amount per square foot for all facilities.

The amount per square foot would be applied to all facilities owned and utilized by the district, and would be applied to all facilities leased 100 percent of the time. In addition, an allocation would be made for facilities leased less than 100 percent. For simplicity, this allocation would be based on enrollment(s) in these facilities. It is assumed that the cost of a lease includes, and is in lieu of, expenditures for Maintenance and Operations. As a means of control, the leases would be monitored and the allocation for leased space would not be allowed to exceed the cost of the lease.

Standards and Unit Costs in Maintenance and Operations

- Allocation per gross square foot ($7.03); and
- A per FTES allocation for FTES generated in leased facilities in less-than-100-percent-utilized space ($150.00).

Institutional Support

The Task Force originally specified modified CSU formulas for the Institutional Support category, with FTES as the workload measure. However, after reviewing the district-by-district impact of the modified CSU formulas, it was determined that they would have to be altered substantially to generate appropriate allocations for all districts.

To set the appropriate level of support, staff examined actual statewide expenditure patterns in 1987-88. The Institutional Support category (Activity Codes 6600 and 6700) as a percentage of total expenditures was approximately 14.2 percent. Therefore, the funding standard in this category has been set at 14.2 percent of computed standard allocations generated in all categories.

The revised standard has several advantages. First, it is simple. Second, it is based on expenditure patterns in community colleges, and so fits their particular situation. Third, it automatically incorporates the economy-of-scale adjustments in the other funding categories.

Standards in Institutional Support

- 14.2 percent of the computed allocations generated in all funding categories.

Target Allocation

The target allocation is obtained by calculating the exact cost of funding the specific standards in each category on a district-by-district basis. The target allocation reflects the level of funding required to achieve the level of service defined by the standards in each category. Computation of the target allocations does not provide a satisfactory procedure for determining actual allocations to each district. The computation is far too complex and contradicts the Board of Governors guideline which calls for simplicity. The standard allocation has been designed to respond to this directive and to provide a system that lends itself to reasonable implementation.

Standard Allocation

The formulation of the standard allocation is an attempt to find a simple formula that produces a close approximation of the amount computed in the target allocation. The

goal is to have the standard allocation for each category, on a district by district basis, be within 3 percent of the target allocation. The standard allocation is computed by using a workload measure in each category and by including a factor that gives consideration for small colleges and small districts.

Workload Measures

It is necessary to define a "workload measure" for each of the five categories. A "workload measure" is an index used to determine the amount of funding a district will receive. Currently, for all practical purposes, the only workload measure used to determine district funding is the unit of average daily attendance (ADA). For program-based funding, ECS 84750 specifies the following workload measure for each category.

Category	Workload Measure
Instruction *(Credit)*	*(Credit)* Full-Time Equivalent Students (FTES)
Instructional Services *(Credit)*	*(Credit)* FTES
Student Services *(Credit)*	Based on Credit Headcount
Maintenance and Operations	Based on Square Feet *(Owned and Leased)*
Institutional Support	Percentage of Total Computed Standard Allocation

Instruction (Credit) and Instructional Services (Credit)

AB 1725 prescribed that "Full-Time Equivalent Students (FTES) to be used as the workload measure for the categories of Instruction and Instructional Services but did not define FTES." Currently, ADA in term-length courses for example, is determined by counting the enrollment at two different times during the term, called the census periods, and applying an absence factor (.911) to the average of these two computations. Staff proposes that FTES be defined as it was by the Task Force (i.e., FTES would be modified from the current ADA definition by eliminating the absence factor and the second census period). In the case of positive attendance accounting, one ADA would be the equivalent of one FTES. This would provide a workload measure more closely aligned with those used by the other segments of California higher education.

The number of FTES generated under census procedure accounting by each district would in every case be larger than the number of ADA. However, it is not intended that this increase in workload measure be followed by a corresponding increase in the district's State appropriation. The change will be made in a way that is revenue neutral to the State.

Student Services (Credit)

The workload in Student Services is more closely related to the numbers of students who enroll than to the number of units for which they enroll. Therefore, it makes sense that the workload measure for this category be based on credit headcount. Since new students require more services, especially in assessment and counseling, more funding is provided for them. At this time, it is proposed that new and continuing students be the workload measures for Student Services.

Maintenance and Operations

One workload measure proposed for Maintenance and Operations is square feet, as discussed earlier. Some preliminary work in this area has been done by a consultant who conducted a joint study for the University of California (UC) and the California State University (CSU). From a study of two community colleges, the same consultant has concluded that an allocation based on square feet would closely approximate the overall costs for this category. The consultant is currently expanding the study and more data and background information will be available in the near future.

Institutional Support

In the category of Institutional Support, the workload is driven by activity in the other four categories. According to ECS 84750, dollar volume is to be used to measure this overall activity. Consequently, the workload measure for Institutional Support will be a percentage of the total computed standard allocation for each district.

Scale Factor for Size

Two methods individually or in tandem are being utilized to accommodate the problems associated with college and district size. One follows the current concept using a formula that increases the revenue per workload measure in such a way that recognizes size. This factor phases out at 5,000 FTES for small colleges and at 10,000 FTES for small districts. A second method would involve allocating an initial block grant to every college and then providing a flat dollar amount per workload measure, no matter how many measures are generated.

The formula that produces a scale factor would be used as the sole criteria in the Instruction category. The suggested formula is identical to that proposed by the Task Force. For Instructional Services and Student Services, a block grant combined with a formula is utilized.

At this time no consideration for size has been incorporated for the standard allocation for Maintenance and Operations and for Instructional Support. The work of the consultant may result in a change of this position for Maintenance and Operations.

Noncredit Funding

The discussions on noncredit funding are complicated by the fact that most non-credit is concentrated in a very few districts. In addition, the comparison with K-12 adult education makes this a complex area to accommodate. A major change in the funding for noncredit was accomplished in SB 851 of 1983 when all noncredit ADA was funded at the same rate, $1,100. Except for inflation this rate has remained constant and during 1988-89 had reached a level of approximately $1,504.

For every district except one, this amount has been more than adequate to provide for all needs, both direct and indirect, of the noncredit program.

In AB 1725, subsection (b)(3) of Section 84750 outlined the method that would be used for noncredit FTES in the program-based funding model. It stipulated that the general allocations for Maintenance and Operations and for Instructional Support should be computed in a way that included provisions for the noncredit program. It further stated that an amount corresponding to the allocation for these two categories should be deducted from the rate for noncredit FTES. The remainder would be deemed to be the noncredit allocation for the combined categories of Instruction, Instructional Services, and Student Services. The simulations discussed later include all the funding for these three categories within Instruction.

Any changes in this allocation method or any definition of standards for noncredit are proposed to be defined by an interim steering committee for adult education that has just been formed by the Chancellor of the California Community Colleges and by the Superintendent of Public Instruction.

Simulations

A copy of the formulas used to derive the standard allocations are shown in Appendix C. As mentioned earlier, these simplified formulas produce an allocation for each category for each district that is within 3 percent of the target allocation where the allocation is derived from an interpretation of the standards for each category. The numbers for workload measures for each district are shown in Appendix D.

The formulas were then applied on a college and district basis to produce the standard allocation for each district, as shown in Appendix E. This simulation was based on data and rates for the 1988-89 fiscal year, shows the standard allocation for each of the five categories. However, it is important to remember that the program-based funding model is a revenue model only and makes no requirements or stipulations about how the funds are to be used. Each district's expenditure pattern will vary depending on its unique conditions, and each district should make its own decisions as to how the funds are to be used. It is also important to note that the State of California has not found it possible to fund the Community Colleges at a level commensurate with that required by the standard allocation. This is shown by looking at Appendix F, which compares each district's general apportionment with

the standard allocation. As indicated for 1988-89, districts in total received funds which equaled 60.83 percent of the standard allocation. However, the difference between the two amounts was reduced by $70 million with the allocation of program improvement funds during 1989-90. It will be further reduced by an additional $70 million with the second allocation, which triggers Phase II reforms, including the implementation of program-based funding.

Minimum Funding Level

The Minimum Funding Level for each district will be obtained in a manner very similar to the current method. A district's prior-year revenue, as adjusted for decline, will become the base revenue for each year. This base revenue will be increased for inflation and for any applicable growth. The inflation factor to be used is identical to that in current statute. (However, each district will receive an adjustment for inflation on the statewide average rate rather than on the district's own average.) This differs from the current procedure whereby high-revenue districts receive inflation on their own average, and low-revenue districts receive inflation on the statewide average rate. This new procedure provides an additional, modest form of equalization.

As prescribed in AB 1725, adjustments for decline will be phased over three years following the year of decline. Districts with funding above the statewide average will have their revenue adjusted for decline over a three-year period at the statewide average rate. Districts with funding below the statewide average will have their revenue adjusted for decline over a three-year period at one-half of the statewide average rate.

For all districts, the adjustment for growth will be at the statewide average rate. In all applicable cases, the statewide average rate will be modified by the scale factor.

Appendix G contains specifics on how the Minimum Funding Level would be determined.

Equalization

The Task Force defined program improvement funds as equivalent to the current definition of equalization. However, as AB 1725 evolved, mandates and program provisions were added that required that all districts receive a substantial amount of new funding. Therefore, the $70 million allocated for Phase I of program improvement funding were distributed on the basis of 30% for equalization and 70% across the board per ADA. The second $70 million for Phase II will also be distributed on this basis. Thereafter, depending on the amount of program improvement funds allocated in the future, it may be that the full amount will be applied to equalization. Staff proposes that beginning with 1991-92, an amount equal to at least 10 percent of

the full COLA be set aside each year for equalization. This is consistent with current law. During the first year of implementation of program-based funding, no district is to receive less than it would have received under the current financing mechanism. This provision requires that an amount equal to 10 percent of the full COLA be available for equalization during that first year.

If more than 10 percent is available in the first and in subsequent years, staff proposes that the method for allocating equalization funds be comparable to that described in SB 851 (1983). This method requires that the district at the lowest level of funding (compared with the standard allocation) would receive equalization dollars until it reaches the district at the second-lowest level. These two districts would then receive funds until they reach the district at the third-lowest level. This process continues until all equalization funds have been exhausted.

Appendix H illustrates in detail the computation that will be used to determine the amount of equalization for each district.

APPENDIX A

Section 84750, *California Education Code*

84750. The board of governors, in accordance with the statewide requirements contained in subdivisions (a) to (j), inclusive, and in consultation with institutional representatives of the California Community Colleges and statewide faculty and staff organizations, so as to ensure their participation in the development and review of policy proposals, shall develop criteria and standards for the purposes of making the annual budget request for the California Community Colleges to the Governor and the Legislature, and for the purpose of allocating the state general apportionment revenues, beginning with the budget request for the 1991–92 fiscal year.

In developing the criteria and standards, the board of governors shall utilize and strongly consider the guidelines and work products of the Task Force on Community College Financing as established pursuant to Chapter 1465 of the Statutes of 1986, and shall complete the development of these criteria and standards, accompanied by the necessary procedures, processes, and formulas for utilizing its criteria and standards, by March 1, 1990, and shall submit on or before that date a report on these items to the Legislature and the Governor.

The board of governors shall develop the criteria and standards within the following statewide minimum requirements:

(a) The calculations of each community college district's revenue level for each fiscal year shall be based on the level of general apportionment revenues (state and local) the district received for the prior year plus any amount attributed to a deficit of minimum workload growth, with revenue adjustments being made for increases or decreases in workload, for program improvement as authorized by this section or by any other provision of law, for inflation, and for other purposes authorized by law.

(b) (1) For credit instruction, the funding mechanism developed pursuant to this section shall recognize the needs among the major categories of operation of community colleges, with categories established for instruction, instructional services and libraries, student services, maintenance and operations, and institutional support.

(2) The board of governors may propose to the Legislature, for enactment by statute, other cost categories when adequate data exist.

(3) Funding for noncredit classes shall be determined as follows:

(A) The preliminary amount per noncredit full-time equivalent student (FTES) for 1991–92 shall be equal to the comparable amount for 1990–91 with increases corresponding to the cost of living adjustment (COLA) specified in subdivision (e) and corresponding to any program improvement provided to the maintenance and operations category for 1991–92.

(B) Funds for maintenance and operations shall be included in the funds derived under paragraph (4) of subdivision (c).

(C) Funds for institutional support will be derived as part of the computation under paragraph (5) of subdivison (c).

(D) From the preliminary amount described in subparagraph (A), a deduction shall be made corresponding to the amounts derived in subparagraphs (B) and (C), and the remainder shall be the funded amount per noncredit FTES for 1991–92.

(E) Changes in noncredit FTES shall result in adjustments to revenues as follows:

(i) Increases in noncredit FTES shall result in an increase in revenues in the year of the increase and at the average rate per noncredit FTES.

(ii) Decreases in noncredit FTES shall result in a revenue reduction as follows:

(I) District revenue shall be adjusted at the average rate per

noncredit FTES.

(II) Revenue adjustments shall be over a three-year period beginning in the year following the initial year of decrease in noncredit FTES.

(iii) Districts shall be entitled to restore any reductions in apportionment revenue due to decrease in noncredit FTES during the three years following the initial year of decrease in noncredit FTES if there is a subsequent increase in FTES.

(4) Except as otherwise provided by statute, current categorical programs providing direct services to students, including extended opportunity programs and services, and disabled students programs and services, shall continue to be funded separately through the annual Budget Act, and shall not be assumed under budget formulas of program-based funding.

(5) District revenues shall be determined based on systemwide funding standards within the categories, and revenue adjustments shall occur based on distinct measures of workload applicable to each category.

(c) Workload measures applicable to each category shall be established with the following measures to be provided:

(1) For credit instruction, the workload measure shall be the credit FTES. Changes in credit FTES shall result in adjustments in revenues as follows:

(A) Increases in FTES shall result in an increase in revenues in the year of the increase and at the statewide average per FTES.

(B) Decreases in FTES shall result in a revenue reduction as follows:

(i) High revenue districts (those at the statewide average or higher) shall be adjusted at the statewide average per FTES.

(ii) Low revenue districts (those below the statewide average) shall be adjusted at one-half of the district's average per FTES.

(iii) Revenue adjustments shall be made over a three-year period beginning in the year following the initial year of decrease in FTES.

(C) Districts shall be entitled to restore any reductions in apportionment revenue due to decrease in FTES during the three years following the initial year of decrease in FTES if there is a subsequent increase in FTES.

(2) For instructional services and libraries, the workload measure shall be the credit FTES. Changes in credit FTES with respect to instructional services and libraries shall result in adjustments to revenues as follows:

(A) Increases in FTES shall result in an increase in revenues in the year of the increase and at the statewide average rate per FTES.

(B) Decreases in FTES shall result in a revenue reduction as follows:

(i) High revenue districts (those at the statewide average or higher) shall be adjusted at the full amount of the statewide average per FTES.

(ii) Low revenue districts (those below the statewide average) shall be adjusted at one-half of the district's average per FTES.

(iii) Revenue adjustments shall be made over a three-year period beginning in the year following the initial year of decrease in FTES.

(C) Districts shall be entitled to restore any reductions in apportionment revenue due to decreases in FTES during the three years following the initial year of decreases in FTES if there is a subsequent increase in FTES.

(3) For student services, the workload measure shall be based on the numbers of credit students enrolled (headcount).

Changes in headcount shall result in adjustments to revenues as follows:

(A) Increases in headcount shall result in an increase in revenues in the year of the increase at the statewide average per headcount.

(B) Decreases in headcount shall result in a revenue reduction as follows:

(i) High revenue districts (those at the statewide average or higher) shall be adjusted at the full amount of the statewide average per headcount.

(ii) Low revenue districts (those below the statewide average) shall be adjusted at one-half of the district's average per headcount.

(iii) Revenue adjustments shall be made over a three-year period beginning in the year following the initial year of decrease in headcount.

(C) Districts shall be entitled to restore any reductions in apportionment revenue due to decrease in headcount during the three years following the initial year of decrease in headcount if there is a subsequent increase in headcount.

(4) For maintenance and operations, the workload measure shall be based on the number of square feet of owned or leased facilities. Changes in the number of square feet shall be adjusted as follows:

(A) Increases in the number of square feet shall result in an increase in revenue in the year that the increase occurs and at the average per square foot.

(B) Decreases in the number of square feet shall result in a decrease in revenue beginning July 1 of the first full year in which the square feet are no longer owned or leased and at the average rate per square foot.

(5) For institutional support, a single fixed percentage which shall apply to all districts shall be established based on the pattern from the most recent data. The percentage shall be obtained from statewide data by comparing expenditures for this category with the total revenue for all five categories.

(d) Funding standards, subject to the conditions and criteria of this section, shall be established by the board for the various categories of operation established pursuant to subdivision (b). In consultation as required by subdivision (e) of Section 70901, the board of governors shall annually request program improvement moneys to assist districts in meeting these standards.

(e) Annual revenue adjustments shall be made to reflect cost changes, using the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States as published by the United States Department of Commerce, and using the ratio for the fourth calendar quarter of the latest available year to the fourth calendar quarter of the prior year rounded up to the next hundredth.

(f) An adjustment for economies of scale for districts and colleges shall be provided.

(g) The statewide increase in workload of FTES and headcount shall be, at a minimum, the rate of change of the adult population as determined by the Department of Finance, and may be increased through the budget process to reflect such other factors as statewide priorities, the unemployment rate, and the number of students graduating from California high schools. The allocation of changes on

a district-by-district basis shall be determined by the board of governors.

(h) For fiscal year 1991–92, all districts shall receive at least the amount of revenue to which they would have been entitled pursuant to Article 1 (commencing with Section 84700) of Chapter 3 of Part 50. Thereafter, allocations shall be made pursuant to this section, as implemented by the board of governors pursuant to the annual State Budget.

(i) Except as specifically provided by statute, regulations of the board of governors for determining and allocating the state general apportionment to the community colleges shall not require district governing boards to expend the allocated revenues in specified categories of operation or according to the workload measures developed by the board of governors.

(j) As used in this section:

(1) "Criteria" means the definitions of elements of institutional practice or activity to be included in the categories of operation of community college districts.

(2) "Program improvement" means an increase in revenue which is allocated to all districts to fund standards adopted pursuant to subdivision (d). Program improvement also means an increase in revenue allocated to low revenue districts to bring them closer to the statewide average.

(3) "Standard" means the appropriate level of service in a category of operation of the community college districts.

APPENDIX B

Section 70, Assembly Bill 1725

(Chapter 973, of Statutes of 1988)

SEC. 70. (a) The Legislature finds and declares that the reforms enacted through this act form a mutually dependent and related set of provisions. While some few provisions could be enacted independently, other sections of this act depend upon adequate support for the programs of the community colleges. There is a direct linkage between those sections of this act which constitute the further professionalization of the faculty and the moneys required to enhance the programs of the community colleges for "transitional program improvement," as specified in Section 84755 of the Education Code.

For instance, the elimination of credentials must be accompanied by the establishment of minimum qualifications by the board of governors. Minimum qualifications in turn must be implemented by districts through the establishment of faculty service areas, competency criteria, and various waiver processes. The extension of the tenure probationary period to four years as well as the revisions to layoff procedures also depend upon the establishment of tenure denial grievance processes as well as the establishment of faculty service areas and competency criteria. Similarly, because so many of the reforms call for faculty involvement in the determination and implementation of policy, and because the quality, quantity, and composition of full-time faculty have the most immediate and direct impact on the quality of instruction, overall reform cannot succeed without sufficient members of full-time faculty with sufficient opportunities for continued staff development, and with sufficient opportunity for participation in institutional governance.

The Legislature further finds that, absent resources to reimburse the state-mandated costs of this act, new full-time faculty to replace part-time faculty, and expanded programs for staff development, the viability or success, or both, of many of the reforms in this act will be jeopardized. The Legislature recognizes that due to unanticipated fiscal conditions the State cannot immediately fund all of the reforms contained in this act. The Legislature also recognizes, however, that if minimal funding is not soon provided that it would be inappropriate to proceed with many reforms.

(b) The Legislature finds and declares that the California Community Colleges are entering a period of major reform, but require further assistance in regaining prior purchasing power in order to fully carry out major reforms. The Legislature intends that the reform process be phased in over a reasonable and logical period of time, and that the institution of major reform be based upon the community colleges' ability to deliver enhanced quality in their programs. Pursuant to this act, the Legislature finds and declares that the transitional stage of reform process shall consist of two phases:

(1) "Phase I of transitional program improvement," as used in this section, means a period of reform during which community college programs are improved and enhanced to prepare an appropriate environment for the subsequent professionalization of faculty. In this connection, the Legislature finds and declares that it would be an unsound and wasteful policy to expend moneys to professionalize faculty without first making the program changes necessary to enable that faculty to assume a more effective role in the educational process. It is the intent of the Legislature that those changes, combined in proper sequence with the professional improvement of faculty, will improve the overall quality of education within the system. It is the intent of the Legislature that moneys appropriated during Phase I fully fund any state-mandates created pursuant to this section.

(2) "Phase II of transitional program improvement" means a period of reform following initial program improvement and professionalization of faculty. During that period, the new educational environment created under Phase I, including such reforms as innovative training programs, evaluation procedures, and minimum qualifications, may be utilized to the fullest extent in hiring new full-time faculty. The Legislature finds that this latter step is a major component of successful reform and the eventual attainment of the highest possible quality in the educational programs of the California Community Colleges. It is the intent of the Legislature that moneys appropriated during Phase II fully fund any state-mandate created pursuant to this section.

(c) The Legislature finds and declares that the provisions of subdivisions (d) and (e) address an essential policy issue at the core of the system created by this act. The reforms with delayed operative dates pursuant to subdivisions (d) and (e) will be fiscally and substantively meaningful only if other enumerated reforms, on which the reforms with delayed operative dates depend, are adequately funded as an initial step in the process of improving the structure and quality of the California Community Colleges.

(d) Sections 27 to 34, inclusive, and Sections 51 to 56, inclusive, of this act shall be implemented by the board of governors and be mandatory with regard to implementation by community college districts only if the board of governors certifies in writing to the Governor and to the Legislature that adequate funding has been provided for Phase I of transitional program improvement and for any applicable state mandates, as authorized in Section 84755 of the Education Code. If the board of governors so certifies, each of these sections shall be implemented on the date of certification, or upon any operative date specified for the particular section in this act, whichever is later. For purposes of this subdivision, "adequate funding" means those moneys required to provide an increased quality of instruction and programs, and to carry out applicable mandates of this act, within the California Community Colleges. Based upon estimates provided by the board of governors and exhaustive review of the community colleges' operations by the Joint Committee for the Review of the Master Plan for Higher Education, the Legislature finds and declares that its estimate of this funding amount is seventy million dollars ($70,000,000).

(e) Sections 21, and 36 to 49, inclusive, of this act shall be implemented by the board of governors and be mandatory with regard to implementation by community college districts only if the board of governors certifies in writing to the Governor and to the Legislature that adequate funding has been provided for Phase II of transitional program improvement and for any applicable state mandates, as authorized in Section 84755. If the board of governors so certifies, each of these sections shall be implemented on the date of certification, or upon any operative date specified for the particular section in this act, whichever is later. For purposes of this subdivision, "adequate funding" means those moneys required to provide an increased quality of instruction and programs, and to carry out applicable state mandates of this act, within the California Community Colleges. Based upon estimates provided by the board of governors and exhaustive review of the community colleges' operations by the Joint Committee for the Review of the Master Plan

for Higher Education, the Legislature finds and declares that its estimate of this funding amount is seventy million dollars ($70,000,000), in addition to the seventy million dollars ($70,000,000) estimated under subdivision (d).

(f) Notwithstanding this section, the board of governors, commencing January 1, 1989, may develop criteria and standards, as may be necessary to prepare for implementation of Section 84750 of the Education Code. However, the board of governors may not implement that section until the terms of this section have been met.

APPENDIX C

Program-Based Funding
Standard Allocation Formulas

CALIFORNIA COMMUNITY COLLEGES
PROGRAM BASED FUNDING
STANDARD ALLOCATION FORMULAS
1988-89 FISCAL YEAR

INSTRUCTION:

$2,922.95 x Credit FTES x Scale Factor

INSTRUCTIONAL SERVICES:

If Credit FTES is less than or equal to 2,200:

$450,000.

If Credit FTES is greater than 2,200:

[$122,083 + $127.19 x Credit FTES] x Scale Factor

STUDENT SERVICES:

$146,902 + [$152.77 x New Students +
$134.77 x Continuing Students]
x Scale Factor

MAINTENANCE & OPERATIONS:

$7.03 x Gross Square Footage +
$150.00 x FTES in Leased Space

NONCREDIT INSTRUCTION:

$1,122.30 x Noncredit FTES

INSTITUTIONAL SUPPORT:

14.2% of the revenue generated in all categories.

APPENDIX D

Program-Based Funding
Workload Measures

CALIFORNIA COMMUNITY COLLEGES
1988-89 PROGRAM BASED FUNDING
WORKLOAD MEASURES

DISTRICT	CREDIT FTES	NONCREDIT FTES	CREDIT ENROLLMENT	FTES IN LEASED SPACE	GROSS SQUARE FOOTAGE
ALLAN HANCOCK	5,480.05	1,230.17	8,824	0	303,024
ANTELOPE VALLEY	4,832.45	66.27	8,262	188	253,744
BARSTOW	1,063.71	86.20	2,315	0	114,900
BUTTE	6,758.39	948.66	8,878	1,765	372,960
CABRILLO	7,614.80	65.34	12,087	0	454,375
CERRITOS	12,878.00	98.84	19,653	0	693,342
CHAFFEY	6,850.72	855.43	11,709	0	406,509
CITRUS	6,040.03	1,175.17	9,205	240	511,744
COAST	29,852.95	615.22	50,415	4,310	1,506,834
COMPTON	3,160.66	111.33	4,050	0	303,147
CONTRA COSTA	23,887.76	0.00	34,333	0	1,138,666
DESERT	4,441.33	581.55	7,342	0	314,904
EL CAMINO	15,841.13	78.09	26,119	0	1,188,695
FEATHER RIVER	601.48	5.46	1,245	0	79,859
FOOTHILL	26,483.99	383.53	40,94[illegible]	73	1,103,917
FREMONT NEWARK	5,635.58	8.36	8,516	0	325,020
GAVILAN	2,828.38	331.17	3,826	0	207,604
GLENDALE	7,591.64	1,890.21	12,306	1,658	323,670
GROSSMONT	12,449.08	223.79	19,016	0	545,017
HARTNELL	4,771.36	1.86	7,147	0	414,411
IMPERIAL	3,233.30	0.00	4,847	19	208,754
KERN	10,980.53	233.30	17,344	250	973,782
LAKE TAHOE	729.82	0.00	1,680	0	35,330
LASSEN	2,113.14	18.34	2,657	191	135,081
LONG BEACH	14,663.05	1,638.21	21,310	738	807,195
LOS ANGELES	60,966.08	554.25	105,000	1,118	4,630,840
LOS RIOS	28,771.02	61.67	43,117	850	1,571,695
MARIN	5,728.43	1,426.65	10,182	0	578,762
MENDOCINO-LAKE	1,736.27	51.59	4,079	0	110,810
MERCED	5,217.63	985.79	6,966	0	347,730
MIRA COSTA	4,083.20	980.96	7,529	225	265,899
MONTEREY PENINSULA	5,576.83	361.96	7,743	0	334,180
MT. SAN ANTONIO	14,024.22	3,350.72	21,303	443	963,543
MT. SAN JACINTO	2,110.72	62.54	4,017	0	162,542
NAPA	4,087.32	474.91	6,199	966	301,094
NORTH ORANGE	21,413.27	6,009.82	31,691	349	1,554,304
PALOMAR	10,797.53	747.61	17,594	6	505,170
PALO VERDE	461.85	14.54	693	0	31,480
PASADENA	15,195.98	1,839.47	20,546	0	818,214
PERALTA	15,393.21	203.37	26,238	0	1,300,103
RANCHO SANTIAGO	12,868.58	5,803.30	21,178	523	523,632
REDWOODS	4,537.66	226.20	6,554	0	400,378
RIO HONDO	7,844.58	949.52	13,207	0	497,527
RIVERSIDE	10,265.63	62.55	16,153	908	487,314
SADDLEBACK	13,804.63	1,283.29	20,036	2,115	641,206
SAN BERNARDINO	10,295.34	0.00	15,032	611	797,132

CALIFORNIA COMMUNITY COLLEGES
1988-89 PROGRAM BASED FUNDING
WORKLOAD MEASURES

DISTRICT	CREDIT FTES	NONCREDIT FTES	CREDIT ENROLLMENT	FTES IN LEASED SPACE	GROSS SQUARE FOOTAGE
SAN DIEGO	24,027.96	12,977.52	43,581	711	1,322,995
SAN FRANCISCO	17,610.38	16,074.42	25,657	3,458	1,261,333
SAN JOAQUIN	11,613.66	351.57	15,570	0	762,683
SAN JOSE	11,767.48	18.56	18,398	221	748,431
SAN LUIS OBISPO	4,980.90	0.00	7,508	187	350,916
SAN MATEO	17,041.98	0.00	29,935	259	1,103,294
SANTA BARBARA	8,274.34	2,041.11	11,368	454	466,438
SANTA CLARITA	2,840.23	0.00	4,880	0	284,882
SANTA MONICA	13,038.93	627.14	18,936	733	551,401
SEQUOIAS	6,101.78	39.09	8,397	326	301,768
SHASTA-TE-TR	5,841.78	325.87	8,952	726	391,620
SIERRA	6,972.24	69.37	11,889	544	377,707
SISKIYOU	1,700.61	92.24	2,131	298	165,407
SOLANO	5,918.18	66.51	10,051	0	349,317
SONOMA	13,095.18	1,646.25	22,978	365	685,276
SOUTH COUNTY	11,605.32	273.85	20,466	5	611,915
SOUTHWESTERN	9,258.68	53.40	13,440	0	475,600
STATE CENTER	13,469.04	492.95	18,888	388	999,641
VENTURA	18,447.04	82.90	29,106	185	919,172
VICTOR VALLEY	3,241.16	297.70	4,964	0	206,836
WEST HILLS	1,417.39	56.83	2,497	0	181,275
WEST KERN	485.82	38.64	862	0	168,615
WEST VALLEY	13,149.32	370.59	24,554	0	764,468
YOSEMITE	10,181.73	664.85	13,955	225	751,925
YUBA	6,025.90	129.60	6,890	619	362,485
TOTAL	714,070.34	72,888.17	1,124,942	27,250	44,111,439

Source: FTES: Estimated funded 1988-89 Funded FTES
Enrollment: Chancellor's Office Management Information System
FTES in Leased Space: 1986-87 Survey of Leased Facilities
Gross Square Footage: Chancellor's Office Management Information System

Fiscal Services: Revised 11/17/89: RM
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APPENDIX E

1988-89 Program-Based Funding Standards
Standard Allocation

CALIFORNIA COMMUNITY COLLEGES
1988-89 PROGRAM BASED FUNDING STANDARDS
STANDARD ALLOCATION

DISTRICT	INSTRUCTION	INSTRUCTIONAL SERVICES	STUDENT SERVICES	MAINTENANCE & OPERATIONS	INSTITUTIONAL SUPPORT	TOTAL STANDARD ALLOCATION
ALLAN HANCOCK	$17,781,760	$838,687	$1,433,624	$2,130,259	$3,660,414	$25,844,744
ANTELOPE VALLEY	14,585,743	756,874	1,345,824	1,812,020	3,052,576	21,553,037
BARSTOW	4,079,011	450,000	568,477	807,747	974,364	6,879,599
BUTTE	21,158,075	998,527	1,415,588	2,886,659	4,365,710	30,824,559
CABRILLO	22,612,026	1,104,379	1,864,731	3,194,256	4,747,940	33,523,332
CERRITOS	37,752,678	1,760,036	2,902,763	4,874,194	7,802,796	55,092,467
CHAFFEY	21,318,164	1,009,986	1,829,060	2,857,758	4,457,470	31,472,438
CITRUS	19,343,658	908,976	1,470,286	3,633,560	4,183,819	29,540,299
COAST	88,015,469	4,166,849	7,573,024	11,239,546	18,314,156	129,309,044
COMPTON	9,697,845	543,060	737,044	2,131,123	2,162,997	15,272,069
CONTRA COSTA	69,829,258	3,404,873	5,302,908	8,004,822	14,279,407	100,821,268
DESERT	14,016,423	707,189	1,210,431	2,213,775	2,994,390	21,142,208
EL CAMINO	46,390,471	2,136,916	3,835,656	8,356,526	10,018,729	70,738,298
FEATHER RIVER	2,397,428	450,000	389,690	561,409	626,757	4,425,284
FOOTHILL	77,841,815	3,612,665	6,041,678	7,771,487	15,719,162	110,986,807
FREMONT NEWARK	16,862,444	858,252	1,382,295	2,284,891	3,529,001	24,916,883
GAVILAN	8,952,713	500,115	708,785	1,459,456	1,917,476	13,538,545
GLENDALE	24,594,248	1,101,529	1,891,494	2,524,100	4,968,376	35,079,747
GROSSMONT	37,217,258	1,906,919	3,022,759	3,831,470	7,586,437	53,564,843
HARTNELL	14,334,518	749,127	1,179,973	2,913,309	3,164,193	22,341,120
IMPERIAL	9,789,275	552,429	861,546	1,470,391	2,091,151	14,764,792
KERN	33,746,280	1,980,554	3,000,252	6,883,187	7,525,695	53,135,968
LAKE TAHOE	2,854,358	450,000	467,460	248,370	663,331	4,683,519
LASSEN	6,838,510	450,000	571,215	978,269	1,458,269	10,296,263
LONG BEACH	44,697,925	1,987,076	3,136,301	5,785,281	9,175,086	64,781,669
LOS ANGELES	179,383,823	8,914,087	16,212,676	32,722,547	39,143,465	276,376,598
LOS RIOS	84,165,821	4,025,653	6,527,500	11,176,515	17,472,756	123,368,245
MARIN	18,723,628	869,916	1,611,746	4,068,697	4,170,208	29,444,195
MENDOCINO-LAKE	5,979,861	450,000	815,946	778,994	1,324,092	9,348,893
MERCED	16,743,284	805,603	1,155,005	2,444,542	3,489,492	24,637,926
MIRA COSTA	13,409,708	661,514	1,251,617	1,903,020	2,842,267	20,068,126
MONTEREY PENINSULA	17,088,669	850,865	1,252,106	2,349,285	3,554,253	25,095,178
MT. SAN ANTONIO	44,752,607	1,905,824	3,130,569	6,840,157	9,343,811	65,972,968
MT. SAN JACINTO	6,882,794	450,000	782,467	1,142,670	1,527,559	10,785,490
NAPA	12,853,927	662,040	1,039,916	2,261,591	2,774,883	19,592,357
NORTH ORANGE	69,334,738	2,967,719	4,742,694	10,979,107	14,524,002	102,548,260
PALOMAR	32,399,683	1,495,421	2,630,203	3,552,245	6,612,796	46,690,348
PALO VERDE	1,885,078	450,000	283,178	221,304	468,527	3,308,087
PASADENA	46,481,527	2,054,860	3,029,034	5,752,044	9,457,382	66,774,847
PERALTA	46,157,788	2,625,970	4,454,187	9,139,724	10,292,316	72,669,985
RANCHO SANTIAGO	44,127,260	1,758,838	3,110,177	3,759,583	8,704,717	61,460,575
REDWOODS	13,900,703	719,445	1,092,356	2,814,657	3,056,982	21,584,143
RIO HONDO	24,256,568	1,132,612	2,015,223	3,497,615	5,098,833	36,000,851
RIVERSIDE	30,076,123	1,427,768	2,420,790	3,562,017	6,185,305	43,672,003
SADDLEBACK	41,877,216	2,004,883	3,101,402	4,824,928	8,548,391	60,356,820
SAN BERNARDINO	30,183,538	1,558,854	2,482,884	5,695,488	6,586,926	46,507,690
SAN DIEGO	84,884,895	3,427,341	6,674,977	9,407,305	17,225,095	121,619,613

CALIFORNIA COMMUNITY COLLEGES
1988-89 PROGRAM BASED FUNDING STANDARDS
STANDARD ALLOCATION

DISTRICT	INSTRUCTION	INSTRUCTIONAL SERVICES	STUDENT SERVICES	MAINTENANCE & OPERATIONS	INSTITUTIONAL SUPPORT	TOTAL STANDARD ALLOCATION
SAN FRANCISCO	69,514,582	2,361,947	3,752,224	9,385,871	14,027,413	99,042,037
SAN JOAQUIN	34,340,714	1,599,224	2,320,097	5,361,661	7,197,580	50,819,276
SAN JOSE	34,416,586	1,740,872	2,861,052	5,294,620	7,311,666	51,624,796
SAN LUIS OBISPO	14,945,709	775,678	1,238,928	2,494,989	3,210,125	22,665,429
SAN MATEO	49,903,101	2,538,698	4,691,377	7,795,006	10,713,150	75,641,332
SANTA BARBARA	26,697,143	1,185,225	1,766,056	3,347,159	5,444,271	38,439,854
SANTA CLARITA	8,616,472	501,649	868,531	2,002,720	1,978,246	13,967,618
SANTA MONICA	38,815,979	1,780,505	2,812,775	3,986,299	7,820,267	55,215,825
SEQUOIAS	18,247,082	916,701	1,354,036	2,170,329	3,743,544	26,431,692
SHASTA-TE-TR	17,816,786	884,140	1,421,990	2,861,989	3,792,509	26,777,414
SIERRA	20,783,978	1,025,051	1,858,568	2,736,880	4,356,739	30,761,216
SISKIYOU	5,933,658	450,000	498,271	1,207,511	1,334,758	9,424,198
SOLANO	17,746,939	893,718	1,586,129	2,455,699	3,742,610	26,425,095
SONOMA	40,124,142	1,787,659	3,338,651	4,872,240	8,270,244	58,392,936
SOUTH COUNTY	34,322,153	1,725,695	3,197,602	4,302,512	7,185,413	50,733,375
SOUTHWESTERN	27,228,792	1,304,795	2,043,203	3,343,468	5,596,843	39,517,101
STATE CENTER	40,044,387	1,964,649	2,955,681	7,085,676	8,588,315	60,638,708
VENTURA	54,099,400	2,717,422	4,534,903	6,489,532	11,193,807	79,035,064
VICTOR VALLEY	10,146,787	553,442	871,081	1,454,057	2,149,186	15,174,553
WEST HILLS	5,120,987	450,000	582,051	1,274,363	1,225,521	8,652,922
WEST KERN	2,003,222	450,000	315,410	1,185,363	652,409	4,606,404
WEST VALLEY	38,850,718	1,916,628	3,724,285	5,374,210	8,227,864	58,093,705
YOSEMITE	31,287,411	1,683,865	2,292,066	5,319,783	6,696,215	47,279,340
YUBA	18,129,365	907,208	1,133,853	2,641,120	3,763,905	26,575,451
TOTAL	$2,191,392,685	$106,719,002	$175,978,337	$314,190,957	$460,066,360	$3,248,347,341

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APPENDIX F

Comparison of Current Formula
Revenue and Standard Allocation
1988-89 Fiscal Year

CALIFORNIA COMMUNITY COLLEGES
COMPARISON OF CURRENT FORMULA REVENUE AND STANDARD ALLOCATION
1988-89 FISCAL YEAR

DISTRICT	SIMULATED GENERAL REVENUE	TOTAL STANDARD LESS MATRICULATION*	REVENUE AS A PERCENT OF STANDARD	SIMULATED REVENUE LESS NONCREDIT	STANDARD LESS MATRICULATION* & NONCREDIT	REVENUE AS A PERCENT OF STANDARD
ALLAN HANCOCK	$15,859,180	$25,554,554	62.06%	$14,478,560	$24,173,934	59.89%
ANTELOPE VALLEY	11,580,806	21,287,690	54.40	11,506,431	21,213,315	54.24
BARSTOW	4,221,520	6,799,966	62.08	4,124,778	6,703,224	61.53
BUTTE	18,587,753	30,540,084	60.86	17,523,072	29,475,403	59.45
CABRILLO	19,108,932	33,155,258	57.63	19,035,601	33,081,927	57.54
CERRITOS	32,851,037	54,487,184	60.29	32,740,109	54,376,256	60.21
CHAFFEY	19,792,089	31,078,563	63.68	18,832,040	30,118,514	62.53
CITRUS	16,494,854	29,251,520	56.39	15,175,961	27,932,627	54.33
COAST	76,860,866	127,742,864	60.17	76,170,404	127,052,402	59.95
COMPTON	9,227,667	15,139,004	60.95	9,102,721	15,014,058	60.63
CONTRA COSTA	60,109,313	99,731,686	60.27	60,109,313	99,731,686	60.27
DESERT	13,329,611	20,897,909	63.78	12,676,937	20,245,235	62.62
EL CAMINO	39,094,852	69,900,767	55.93	39,007,212	69,813,127	55.87
FEATHER RIVER	2,099,196	4,375,284	47.98	2,093,068	4,369,156	47.91
FOOTHILL	68,295,713	109,765,644	62.22	67,865,277	109,335,208	62.07
FREMONT NEWARK	13,854,052	24,636,248	56.23	13,844,670	24,626,866	56.22
GAVILAN	8,041,752	13,412,050	59.96	7,670,080	13,040,378	58.82
GLENDALE	21,520,883	34,701,331	62.02	19,399,500	32,579,948	59.54
GROSSMONT	30,305,929	52,964,300	57.22	30,054,769	52,713,140	57.02
HARTNELL	12,608,020	22,126,606	56.98	12,605,933	22,124,519	56.98
IMPERIAL	8,469,182	14,583,250	58.07	8,469,182	14,583,250	58.07
KERN	30,585,724	52,569,908	58.18	30,323,891	52,308,075	57.97
LAKE TAHOE	2,762,765	4,626,346	59.72	2,762,765	4,626,346	59.72
LASSEN	6,479,222	10,201,544	63.51	6,458,639	10,180,961	63.44
LONG BEACH	38,642,991	64,146,894	60.24	36,804,428	62,308,331	59.07
LOS ANGELES	178,285,878	272,987,237	65.31	177,663,845	272,365,204	65.23
LOS RIOS	71,710,268	122,010,366	58.77	71,641,056	121,941,154	58.75
MARIN	18,849,409	29,122,030	64.73	17,248,280	27,520,901	62.67
MENDOCINO-LAKE	5,612,259	9,223,486	60.85	5,554,360	9,165,587	60.60
MERCED	14,393,297	24,411,289	58.96	13,286,945	23,304,937	57.01
MIRA COSTA	14,233,292	19,817,541	71.82	13,132,361	18,716,610	70.16
MONTEREY PENINSULA	14,210,910	24,856,544	57.17	13,804,682	24,450,316	56.46
MT. SAN ANTONIO	38,999,266	65,255,984	59.76	35,238,753	61,495,471	57.30
MT. SAN JACINTO	6,018,490	10,645,015	56.54	5,948,301	10,574,826	56.25
NAPA	11,021,017	19,410,024	56.78	10,488,026	18,877,033	55.56
NORTH ORANGE	63,244,760	101,589,805	62.26	56,499,939	94,844,984	59.57
PALOMAR	28,137,986	46,144,388	60.98	27,298,943	45,305,345	60.26
PALO VERDE	1,606,263	3,258,087	49.30	1,589,945	3,241,769	49.05
PASADENA	39,595,242	66,134,366	59.87	37,530,805	64,069,929	58.58
PERALTA	40,617,348	71,797,763	56.57	40,389,106	71,569,521	56.43
RANCHO SANTIAGO	42,948,505	60,829,600	70.60	36,435,461	54,316,556	67.08
REDWOODS	12,871,897	21,383,833	60.19	12,618,033	21,129,969	59.72
RIO HONDO	21,902,074	35,596,850	61.53	20,836,428	34,531,204	60.34
RIVERSIDE	24,970,697	43,172,348	57.84	24,900,497	43,102,148	57.77
SADDLEBACK	40,293,611	59,759,065	67.43	38,853,375	58,318,829	66.62
SAN BERNARDINO	26,357,165	45,951,909	57.36	26,357,165	45,951,909	57.36

CALIFORNIA COMMUNITY COLLEGES
COMPARISON OF CURRENT FORMULA REVENUE AND STANDARD ALLOCATION
1988-89 FISCAL YEAR

DISTRICT	SIMULATED GENERAL REVENUE	TOTAL STANDARD LESS MATRICULATION*	REVENUE AS A PERCENT OF STANDARD	SIMULATED REVENUE LESS NONCREDIT	STANDARD LESS MATRICULATION* & NONCREDIT	REVENUE AS A PERCENT OF STANDARD
SAN DIEGO	78,894,723	120,173,324	65.65	64,330,052	105,608,653	60.91
SAN FRANCISCO	72,605,235	98,251,278	73.90	54,564,913	80,210,956	68.03
SAN JOAQUIN	29,528,986	50,351,420	58.65	29,134,419	49,956,853	58.32
SAN JOSE	31,145,470	51,049,429	61.01	31,124,640	51,028,599	60.99
SAN LUIS OBISPO	11,892,328	22,416,593	53.05	11,892,328	22,416,593	53.05
SAN MATEO	44,241,589	74,662,274	59.26	44,241,589	74,662,274	59.26
SANTA BARBARA	23,296,495	38,076,636	61.18	21,005,757	35,785,898	58.70
SANTA CLARITA	7,523,971	13,805,227	54.50	7,523,971	13,805,227	54.50
SANTA MONICA	32,022,443	54,608,240	58.64	31,318,604	53,904,401	58.10
SEQUOIAS	15,286,766	26,166,291	58.42	15,242,895	26,122,420	58.35
SHASTA-TE-TR	14,832,352	26,519,311	55.93	14,466,628	26,153,587	55.31
SIERRA	17,150,567	30,385,165	56.44	17,072,713	30,307,311	56.33
SISKIYOU	5,395,834	9,358,509	57.66	5,292,313	9,254,988	57.18
SOLANO	14,689,366	26,111,145	56.26	14,614,722	26,036,501	56.13
SONOMA	34,893,217	57,740,296	60.43	33,045,631	55,892,710	59.12
SOUTH COUNTY	29,501,338	50,053,536	58.94	29,193,996	49,746,194	58.69
SOUTHWESTERN	22,325,842	39,089,925	57.11	22,265,911	39,029,994	57.05
STATE CENTER	33,931,475	60,055,548	56.50	33,378,238	59,502,311	56.10
VENTURA	44,773,434	78,137,640	57.30	44,680,395	78,044,601	57.25
VICTOR VALLEY	9,061,877	15,020,269	60.33	8,727,768	14,686,160	59.43
WEST HILLS	6,405,691	8,563,100	74.81	6,341,911	8,499,320	74.62
WEST KERN	3,684,423	4,556,404	80.86	3,641,057	4,513,038	80.68
WEST VALLEY	33,692,993	57,355,511	58.74	33,277,080	56,939,598	58.44
YOSEMITE	28,066,192	46,860,730	59.89	27,320,031	46,114,569	59.24
YUBA	16,084,584	26,349,556	61.04	15,939,134	26,204,106	60.83
TOTAL	$1,957,590,734	$3,212,751,341	60.83%	$1,875,788,343	$3,130,948,950	59.91%

* 1989-90 State Matriculation Allocation

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Note: Simulated 1988-89 General Revenue, using current funding formula, based on the lesser of actual annual ADA or the districts statutory CAP.

APPENDIX G

Program-Based Funding
Allocation Method

PROGRAM BASED FUNDING
ALLOCATION METHOD

I. DEFINE BASE WORKLOAD MEASURES

a. Base Credit FTES
b. Base FTES
c. Base Headcount
d. Base Square Feet
e. Base FTES in Leased Space
f. Base non-credit FTES

)(Prior year funded less adjustments for decline

II. DEFINE BASE REVENUE

Prior year revenue less adjustments for decline.

III. AUGMENTATIONS TO BASE REVENUE

a. COLA:

1. $_____/FTES x base credit FTES for instruction.
2. $_____/FTES x base credit FTES for instructional services.
3. $_____/Headcount x base credit headcount for student services.
4. $_____/Sq. ft. x base square feet for maintenance and operations.
5. $_____/FTES x base FTES in leased space for maintenance and operations.
6. $_____/FTES x base non-credit FTES.
7. _____% of 1. thru 7. for institutional support.

Dollars in 1. thru 5. are obtained by applying the COLA index to the standard rate times the applicable scale factor times the statewide average funded percentage for each workload measure. The dollar amount in 6. is obtained by applying the COLA index to the prior year rate for non-credit FTES. Where a Block grant is used, an amount corresponding to the COLA applied to the Block grant is also included.
(COLA = 1. + 2. + 3. + 4. + 5. + 6. + 7.)

b. GROWTH:

1. Each district will be given a growth allocation for FTES and Headcount based on the adult population change for that district. Special growth adjustments may be made based on other criteria.

2. Growth in square feet, including leased space, will be based on approval of the Chancellor's Office. Approval for State funded projects will be automatic.

3. Growth will be funded at the prior year standard rate times the statewide average percentage plus COLA with an application of the scale factor where applicable.

IV. MINIMUM FUNDING LEVEL = BASE REVENUE + COLA + GROWTH

APPENDIX H

Program Improvement Funds
(Equalization)

PROGRAM IMPROVEMENT FUNDS
(EQUALIZATION)

V. STANDARD ALLOCATION

a. Instruction

Standard Allocation/Credit FTES x (Base credit FTES + growth FTES)

b. Instructional Services

Standard Allocation/Credit FTES x (Base credit FTES + growth FTES)

c. Student Services

Standard Allocation/Credit Headcount x (Base credit headcount + growth headcount)

d. Maintenance and Operations

i. Standard Allocation/Square Feet x (Base square feet + growth square feet).

ii. Standard Allocation/FTES x FTES in leased space.

e. Non-credit

Standard Allocation/Non-credit FTES x (Base non-credit FTES + growth)

f. Institutional Support

_____ % x (a. + b. + c. + d. + e. + f.)

g. Standard Allocation

a. + b. + c. + d. + e. + f. = $_____

VI. COMPARE IV. WITH V

Minimum Funding Level

Standard Allocation = _____%

Districts with lowest percentage receives first program improvement funds until district reaches percentage of second lowest district. Then the two lowest districts receive program improvement funds until these two districts reach the percentage of the third lowest district, etc. until program improvement funds are exhausted.

Since non-credit revenue per FTES is already equalized and since potential standards for the non-credit program have not been developed, the non-credit revenue per FTES is not included in either the numerator or denominator in this computation. Any funds scheduled for reduction in subsequent years due to decline are also eliminated from the numerator.

APPENDIX I

The Program-Based Funding Model for
The California Community Colleges

THE PROGRAM-BASED FUNDING MODEL FOR THE CALIFORNIA COMMUNITY COLLEGES

July 6, 1988

The Chancellor's Office of the California
Community Colleges

prepared by

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Acknowledgments

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E. Gareth Hoachlander
John E. Tuma

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CHAPTER I
INTRODUCTION

Prior to 1978, financing for community colleges in California relied primarily on locally determined property taxes, supplemented by state aid and relatively small amounts of federal assistance. Proposition 13 seriously disrupted this system, eliminating local control over property tax revenues and shifting responsibility for community college funding to the state. Since then, despite several modifications to the funding system, community college financing has suffered from a number of serious problems. At the state level, policy-making has been fraught with ambiguity and conflict over both the fundamental role of community colleges in California's system of higher education and the appropriate procedures for allocating resources to the colleges. Between 1978 and 1984 there was a new funding procedure almost every year. Locally, student enrollments have fluctuated widely. Statewide, enrollment declined precipitously in the early 1980s and is now beginning to rise again. The combination of state-level uncertainty about community college finance and large local enrollment fluctuations has produced instability and a lack of predictability in the level of funding available annually to the community colleges. Planning and budgeting have become chaotic, forcing a variety of last-minute staffing and programming decisions that undermine staff and student morale and threaten the basic integrity of the system.

In addition to these difficulties, purchasing power for community colleges has declined significantly during the past decade. Overall, community college revenues in constant dollars declined 15.3 percent between 1976-77 and 1985-86. Although much of this decline reflects a corresponding drop in average daily attendance (ADA) at community colleges, expenditures per ADA declined 5.6 percent in real terms from 1977-78 to 1986-87.[1] In short, during the last decade the community colleges have struggled with major fiscal dislocations and a system of finance that is deficient in several important respects. These deficiencies need brief elaboration.

Deficiencies of the Existing Funding System

The current system for funding community colleges is an artifact of the community colleges' origins in the K-12 public school system. Historically, financing for elementary and secondary education in California has used average daily attendance to determine workload and the corresponding level of funding. Compared to postsecondary education, the operations of elementary and secondary education are relatively homogeneous, and basing funding on the

[1] *Financial Transactions of School Districts, Governor's Budget* (various years).

single measure of ADA serves reasonably well. Among elementary and secondary schools, there is general uniformity in goals, mode of instruction, use of full-time faculty, and the types of support services provided. Because almost all students attend full-time, the correlation between ADA and enrollment is high and does not vary greatly among schools and school districts.

Postsecondary education, in contrast, is far more diverse. Part-time attendance varies greatly among institutions. Students' reasons for attending differ markedly, and meeting students' educational goals requires much greater diversity in facilities, curriculum, the way different subject matter is taught, the qualifications of faculty, and the types and levels of support services. California recognizes this diversity in the procedures it uses to finance the California State University (CSU) system and the University of California (UC). Funding for CSU and UC employs several workload measures, distinguishes among several different program categories (e.g., instruction, libraries, student services, maintenance and operations, and administration), and establishes standards within each program category to be used to determine the level of funding required to handle a given workload.

Because the community colleges grew out of the elementary and secondary system in California and because finance was largely a local matter prior to Proposition 13, the procedures for financing the community colleges are considerably less sophisticated than those used to fund the rest of postsecondary education in California. With the emergence of the state as the primary source of funding for community colleges, these procedures have become archaic. Basing statewide funding for community colleges on a single workload measure not only fails to recognize the diversity among colleges and districts, but also perpetuates the lack of attention to standards and accountability. Adopting procedures more like those used for CSU or UC would permit better comparisons among California higher education systems and further the integration of the community colleges with the remainder of the state's public higher education system.

Adopting a more sophisticated approach to community college funding consistent with the centralization of finance at the state level and the postsecondary character of community colleges would also help to remedy three other deficiencies in the current system. First, a comprehensive overhaul would stop the annual ad hoc tinkering that has plagued the system for nearly 15 years. Frequent, piece-meal changes to the system have contributed greatly to the lack of stability and predictability in funding. Second, a new funding model could include more precise mechanisms for adjusting funding levels for changes in the costs of personnel and other resources. The current method of applying across the board a statutory cost of living

adjustment (COLA), based on the Implicit Price Deflator for State and Local Government Purchases, is at best crude recognition of the effects of price changes on the costs of community colleges. Third, a new model could provide a better approach for recognizing how fixed costs affect financing over the longer term. The current system provides two-thirds of the average revenues per ADA for growth and allows districts to retain one-third of the average revenues per ADA for decline. While these ratios may reflect short-term marginal costs associated with growth and decline, the system does not provide for any long-term adjustments.

The Search For a New Approach

Many believe that a system of differential funding—that is, a system of financial support related to the costs of providing educational programs and services—would be an appropriate way to finance the community colleges. They argue that it would be more suitable for a system of postsecondary education, that it would make revenue more stable and predictable, that it would be more sensitive to the actual costs of the activities of the community colleges, and that it would aid in cost comparisons among districts and with the other postsecondary systems.

Interest in differential funding for the community colleges as an alternative to the current ADA-based funding is not new. The long-term finance plan put forth by the Board of Governors in 1979 proposed differential funding based on a limited number of categories. The California Postsecondary Education Commission also advocated differential funding in 1983 in its principles of financing community colleges. In SB 851, passed in 1983, the Legislature expressed its intent to fund the community colleges in a manner that better reflected the costs of services than the current system and directed the Chancellor to develop a system of differential funding for community college districts. The "Gooder Report," produced as a result of that effort, outlined a plan for implementing differential funding, but pointed out that an improved data system was a prerequisite to actually apportioning funds on a differential basis.[2] More recently, the Commission for the Review of the Master Plan for Higher Education and the Joint Committee for Review of the Master Plan for Higher Education have both recommended differential funding, believing it to have substantial advantages over the current system.[3]

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[2] *A Plan for Implementing a Differential Cost Funding System for the California Community Colleges*, a Report to the Legislature, December 1984.

[3] Joint Committee for Review of the Master Plan for Higher Education, Final Report: Community College Reform, January 7, 1987.

The Task Force on Community College Financing Reform

The Commission for the Review of the Master Plan for Higher Education recommended that the system of financing community colleges be restructured. The Legislature responded to this recommendation by passing AB 3409 (Chapter 1465/86), which directed the Chancellor's Office to convene a broad-based, short-term task force on community college financing reform. The Task Force was directed to develop specific recommendations including but not limited to the following:

"(1) A new state support allocation mechanism, which is sensitive to and measures the full costs associated with the delivery of community college programs and services.

(2) Revenue adjustment components of the mechanism which would provide for adjustments on an incremental basis for increases or decreases in workload, for equalization, for inflation, and for other legally authorized purposes.

(3) A specific funding methodology which would differentiate among the major categories for operating community colleges, including, but not limited to, instruction, academic support, student services, institutional support, and plant operations and maintenance. The Legislature intends that, within the instruction category, the methodology be based upon mode and cost of instruction, as measured by full-time equivalent credits generated by the instructional activity, by subcategories that would include, but not necessarily be limited to, lecture, seminar, lecture-laboratory, high cost, low cost, independent study, and apprenticeship. The Legislature intends that in addition to these subcategories, adjustments be made for full-time equivalent courses taught by full-time and part-time faculty, and the differences in full-time equivalent courses in small and large districts in the context of economies of scale.

(4) Specific workload measures applicable for each category and subcategory.

(5) Options for providing budgetary incentives for measuring and improving student performance.

(6) The need for community college districts to rely on county superintendents of schools for fiscal services that may be provided through the chancellor's office.

(7) A specific means for preventing major revenue losses to districts during the initial year or years of the new formula.

(8) General provisions and guidelines of a funding mechanism which should be incorporated into statute and more detailed provisions which should be incorporated in rules and regulations of the board of governors."

The Task Force met regularly between January and June 1987 to consider these issues. The results of the deliberations of that group are contained in a report submitted to the Chancellor in June 1987.[4] The recommendations made by the Task Force represented a significant step forward in developing a workable program-based funding mechanism from the model outlined in the Gooder Report.[5] The most important development was the introduction of the concept of "funding standards" for each of the program cost areas.

The Gooder Report delineated four program areas as the basis of a differential funding model: instruction, student services, maintenance and operations, and general services (renamed "institutional support" by the Task Force). In addition, the Gooder model also specified workload measures for allocating funds to each of the program areas. The workload in instruction was full-time equivalent students (FTES), the workload in student services was headcount enrollment, the workload in maintenance and operations was assignable square feet, and in general services it was either a percentage of costs in the other categories or full-time equivalent faculty.

After reviewing the program categories, the members of the Task Force agreed that student services, maintenance and operations, and institutional support were appropriate for the program-based funding model, but decided that instruction was too broadly inclusive. The instruction area was therefore broken into two categories, "instruction" and "instructional services and libraries." In addition, academic administration, which had been included in instruction under the Gooder format, was placed in institutional support. The Task Force, following the Gooder recommendations, adopted FTES as the workload measure for instruction and instructional services and libraries, and headcount enrollment was retained for student services. However, the Task Force decided that FTES would be the workload measure for institutional support, and also decided that gross square feet and acreage would be better workload measures for maintenance and operations than assignable square feet.

Although the Gooder report had gone far in developing a differential funding model, what was lacking in that model was some mechanism for determining the appropriate level of

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[4] *A Program-Based Funding Model for the California Community Colleges: A Report to the Chancellor*, Submitted by the Task Force on Community College Financing, June 1987.

[5] The Task Force decided to use the term "program-based funding" rather and "differential funding" to describe its proposed model in order to distinguish it from past formulations of the differentiated model.

expenditures per workload unit within each program area. The Task Force, therefore, focused its efforts on specifying the cost basis—or funding standards—in each program area, thereby establishing the link between the workload measures and the amount of revenue appropriated to each district. The distinction between workload and standards is an important one, since workload is a measure of the number of units to be supported, and the funding standards imply a particular level of support per workload unit if those standards are to be obtained. For example, the standards in instruction specify a student:faculty ratio of 25 to 1 and a faculty mix of 75 percent contract and 25 percent hourly faculty. The standards also specify that these faculty positions would be funded at the statewide average salary for contract and hourly faculty, and a per FTES allocation would be made to cover the costs of staff and supplies. Once these factors are set, determining the allocation for instruction follows directly from the number of workload units, in this case FTES. Figure 1 shows the categories, workload measures, and standards as they were established by the Task Force.

FIGURE 1.1
SUPPORT CATEGORIES, WORKLOAD MEASURES, AND STANDARDS

Support Categories	Workload Measure	Proposed Standard(s)
Instruction *(Activity Codes 0100-5900)*	Full-Time Equivalent Students (FTES)	Student:Faculty Ratio of 25:1 Faculty Mix: 75% Contract, 25% Hourly
Instructional Services and Libraries *(Activity Code 6100)*	FTES	ALA/ACRL Standards for Libraries with CSU Admin. and Contract Serv. Standards Standards for Media Centers and Learning Centers to be Determined
Student Services *(Activity Codes 6200-6400)*	Headcount Enrollment	Standard to be Determined
Maintenance and Operations *(Activity Code 6500)*	Gross Square Footage and Acreage	Modified CSU Standards
Institutional Support *(Activity Codes 6000, 6600-6700)*	FTES	Modified CSU Standards

Although the Task Force made substantial progress in developing a workable program-based funding model, Figure 1 shows that there were still gaps that needed to be filled after the Task Force had completed its report. Adequate standards had not been developed in student services, and feedback from the community colleges, the Legislature, and the Department of Finance indicated that some of the standards suggested by the Task Force needed revision. In

particular, the economy of scale adjustment in the institutional support category was too generous to the smaller colleges, and the maintenance and operations standards specified by the task force required data that were not available in the community college system. The Chancellor's Office therefore convened an ad hoc committee comprised of several Task Force members, Chancellor's office staff, and MPR Associates to review and build upon the work of the Task Force.

The *Ad Hoc* Committee for Community College Financing Reform

The *ad hoc* committee met regularly between July 1987 and January 1988 to continue the work begun by the Task Force. The committee agreed that it would adhere as much as possible to the decisions of the Task Force where that body had clearly and precisely established workload measures or appropriate standards. This meant that the standards and workload measures set in instruction, instructional services and libraries, and academic administration—areas in which the Task Force was in agreement—would not be altered in any substantial way. The Task Force, however, had been less clear in its recommendations regarding institutional support, in part because of the too-generous scale economy adjustment but also because there was some disagreement about the appropriate workload measure in this category. Although a majority of Task Force members had supported the modified CSU standards, some believed that either a percentage of costs or full-time equivalent faculty would provide a superior measure of workload in this area. The workload measures in maintenance and operations and student services were well established, but the standards had not been adequately specified in either category.

In addition, in its short tenure the Task Force had not been able to deal adequately with issues of implementation and data collection. The *ad hoc* group therefore set out to revise and precisely specify the standards and workload measures where necessary, to develop solutions to problems of implementation, and to identify and collect the data necessary to support a more fully specified program-based funding model.

Over a period of six months, the *ad hoc* group was able to resolve many of these issues. To overcome the problems associated with the institutional support category, the members of the committee agreed that using a percentage of costs generated in the other categories would be a simpler approach that would adequately track costs and would avoid the problems of the

economy of scale adjustment.[6] Staff from MPR Associates met with representatives of the student services community to develop preliminary standards for that program area. These standards are still in the early stages of development, but they are indicative of the the factors that drive costs in the student services area. The Chancellor's staff collected additional information on gross square feet in 100 percent leased space and FTES generated in less than 100 percent leased space, and these factors have been incorporated into the model. In addition, the Chancellor's office has contracted with Clyde Gordon Associates to study the costs of maintenance and operations in the community colleges and to refine further the standards in this area. Issues of implementation have been studied, and the Chancellor's staff have developed a strategy for implementation of program-based funding.

Once the program-based funding model was well-specified, the model was used to generate estimates of funding in the several program areas for each district. These estimates were then used to develop simplified allocation formulas for each program area. These formulas permit straightforward calculation of a district's general apportionment revenues using a smaller number of factors and fewer data elements. The simplified formulas abstract from the standards and set a level of support per unit of workload, and calculation of a district's revenues is simply a matter of multiplying the number of workload units by the level of support generated by the full model.

MPR Associates developed the funding model based on the policy recommendations of the Task Force and *ad hoc* working group. This report details the technical specifications of the model, including standards, workload measures, and assumptions with respect to changes over time. Chapter II of this report examines some of the advantages and disadvantages of program-based funding. Chapter III details the program-based funding model, including program areas, workload measures, and standards in each program area. Chapter IV presents the results of the funding model based on a range of assumptions for the 1987-88 fiscal year, and compares these results with statewide general apportionments generated by SB 851 in 1987-88.

[6] The allocation for institutional support is calculated after the economy of scale adjustments are made to each of the other categories, so the percentage of costs approach automatically generates an economy of scale factor in institutional support.

CHAPTER II

ADVANTAGES AND DISADVANTAGES OF PROGRAM-BASED FUNDING

This chapter examines some of the advantages and disadvantages of the program-based funding system proposed for the community colleges. It is not exhaustive but touches upon the most salient issues that have been raised repeatedly during the development of program-based funding.

Advantages of Program-Based Funding

The biggest advantage of the model is that with the introduction of standards as concrete levels of service in each of the five program categories, the program-based model focuses funding debates on the type and level of educational services and programs that should be provided in the community colleges. The specific standards which have been developed in this formulation of the model may not be the standards that are ultimately in place when program-based funding is implemented. But the examination of standards in relation to the mission of the colleges will compel the parties to the debate to consider the educational implications of funding decisions. The appropriate ratio of contract to hourly faculty may not be 75 percent to 25 percent: the ultimate standard may be closer to 70 percent to 30 percent or 80 percent to 20 percent. The determination, however, will not only reflect arguments about the costs of the different faculty, but also about the educational services each type of faculty is able or is expected to provide. This kind of debate makes the issue one of educational merit, a more concrete discussion than one about dollars per ADA. The question of whether to fund each ADA at $3,000 or $3,100 could revolve around the same educational issues, but it is much more abstract. The introduction of standards makes clear the basis on which the colleges are funded so that discussions about the appropriate level of funding are more directly discussions about what is being funded.

Funding standards are also a source of information for identifying the real costs of providing services. One problem with ADA as the sole measure of workload in the community colleges is that it summarizes all of the factors that affect costs in an undifferentiated way. The same factors drive costs whether they are identified as standards or not; the standards simply make clear those factors that have an impact on costs. The standards, therefore, are benchmarks against which actual funding levels and the distribution of resources within districts can be evaluated. However, the standards are not necessarily ideals which every

college and district must achieve. More accurately, they represent appropriate distributions of resources on average. The diversity within the college system, both in terms of the specific educational objectives of the colleges or districts and the particular population being served, makes absolute standards undesirable. But the standards do suggest approximate distributions and a way of thinking about the average requirements of each funding category.[1]

Another advantage of program-based funding is that it bases differences in district revenues on real differences in workload among campuses and districts. This means that similar colleges or districts will receive similar revenues with which to operate, and that differences in revenues due to property wealth or other historical factors will be replaced by differences in such factors as the type of programs offered, the populations being served, and the size of the physical plant.

Because the program-based funding system would provide similar revenues for similar districts, it would also provide a rational approach for eliminating funding inequities between districts. Over time differences in funding which do not reflect differences in the costs of providing services would be phased out. Furthermore, the current equalization mechanism would be replaced by a system that provides additional revenues to those districts which are furthest from the standards. If appropriately specified, the funding standards are an objective measure of the revenue needs of a district; districts which are furthest from meeting those needs would therefore qualify for program improvement monies first. Dollars per ADA as a measure of equity would be replaced by revenues in relation to the costs of providing services in a district of a particular size and with particular operating characteristics.

An important feature of program-based funding is its sensitivity to economies of scale. The current small school factor used by the community colleges is based on the fact that large districts can realize economies of scale. Program-based funding incorporates a scale economy factor in each of the program areas to take advantage of economies of scale where they occur. However, unlike the current mechanism which assumes constant and linear economies of scale across all program areas based on a single measure of workload, the program-based funding system is sensitive to different scale economies in the several program areas. In two districts each with 5,000 FTES, both may need the same scale factor adjustment in instruction. But the two districts may have very different ratios of headcount enrollment to FTES. Hence different

[1] The members of both the Task Force and the ad hoc technical group were quite vociferous in their opposition to expenditure controls for the colleges based on the program categories. This opposition reflects their understanding of the importance of diversity in the community college system as one of its greatest strengths. Local control has been one of the primary aspects of system governance since its inception and continues to be a strong principle of governance.

scale economy adjustments should be applied for each district's student services allocation, which is based on headcount enrollment as the measure of workload. The program-based funding system is sensitive to such differences.

Finally, the program-based funding system improves the comparability of the community college funding system with those of the other segments of higher education in California, particularly the state university system. Both the CSU and the UC use FTES as their primary measure of workload. Adopting this measure for the community colleges will enhance the system's ability to make comparisons with the other two segments. Additionally, program-based funding will permit useful comparisons with CSU and UC of similarities and differences in each of the five program areas.

Disadvantages of Program-Based Funding

One disadvantage of program-based funding in the community colleges is that it may invite more state-directed expenditure controls. The Legislature has expressed concern about the lack of accountability in the expenditure of state funds by districts, and one factor influencing the Legislature's interest in a differentiated model may be greater control over state monies. Both the Task Force and the ad hoc working group were opposed to expenditure controls, and statements by community college organizations, the Joint Committee for Review of the Master Plan, and the California Postsecondary Education Commission have consistently supported the continuance of local control of the districts.

Expenditure control, however, is not unique to program-based funding. The proliferation of categorically funded programs in recent years is an effort by the Legislature to promote its policy objectives through expenditure controls. Whether the program-based system is more intrusive than the current system with its extensive web of categorical funding mechanisms is impossible to determine *a priori*.

Another disadvantage of the program-based funding system is that it may create local budgetary expectations that reduce administrative flexibility and increase conflict over the distribution of funds. Under program-based funding, district revenues are generated on the basis of workload in each budget category. This may create expectations that resources will be distributed according to the contribution of the category in generating the district's total revenue. Competition for resources is already keen within districts, and earmarking revenues, no matter how indirectly, could increase conflicts over budgetary decisions, particularly with respect to program areas that have consistently been under-funded. Furthermore, if the full

standards are not funded—which at the ouset seems likely—demands for distributing resources proportionally to the total generated by each category could create a situation where the integrity of the local district is undermined.

Another disadvantage of program-based funding is that it is more complex than the existing system. Some new data will have to be collected, reported, and verified. The standards will have to be communicated clearly, and funding expectations with respect to those standards will have to be carefully articulated. The larger number of funding categories requires more equations to calculate the district's state apportionment. Nevertheless, the current funding system is by no means simple or easy to understand, especially for those not already familiar with its many different features.

Finally, there are costs associated with change. A new funding model will require new procedures at the state and local level. Regulations will have to be crafted that govern the detailed workings of the system. New staff may be required to collect and verify data. Furthermore, new funding systems, no matter how carefully crafted, will produce unanticipated and undesirable consequences. The process of implementation will take several years, and throughout the period of implementation, adjustments will have to be made at both the state and local level.

CHAPTER III

THE PROGRAM-BASED FUNDING MODEL FOR THE COMMUNITY COLLEGES

Program-based funding is a system designed to reflect the costs of providing educational services in the community colleges. It is a system which is sensitive to differences between colleges and districts, differences which may reflect educational decisions of the district and the community it serves, differences in the population served, and differences in relationships between the several cost areas. There is great diversity in the California Community College system, and program-based funding is a mechanism that respects this diversity and provides resources that are appropriate to needs of each district.

The AB 3409 Task Force set out eight objectives to be realized by the funding system for the community colleges.[1] First, funding should be adequate to support the mission of the community colleges. Second, the funding system should reflect the postsecondary nature of the community colleges. Third, the systems of governance and finance should be congruent and mutually supportive. Fourth, the funding system should be sensitive to the costs of providing educational services in the colleges. Fifth, the system of funding should be well specified and should provide stable funding over time. Sixth, the system of finance should treat similar districts similarly, providing an equitable distribution of resources independent of local wealth or previous funding levels. Seventh, the funding system should be understandable and easy to communicate and should avoid undue data collection and verification costs. Finally, adequate financial aid should be be provided, and student fees for state-funded programs should be kept as low as possible. These objectives guided the work of both the Task Force and the *ad hoc* working group, and have been incorporated into the funding model described here.

Structure of the Model

There are three structural components in the program-based funding model: workload measures, standards, and unit costs. All three of these are necessary to determine a district's apportionment in each of the functional areas.

Workload measures represent the level of activity for which the district is funded. The measure of workload in each category should therefore be related to the type of activity being

[1] These objectives are specified in greater detail in the Chapter II of the report of the Task Force to the Chancellor.

supported in the category. The present system of funding measures workload almost exclusively in terms of Average Daily Attendance (ADA); in contrast, program-based funding employs different workload measures in the different categories to systematically reflect the amount of work in each funding area. For example, the costs of maintenance and operations do not directly depend upon the number of ADA in a district since fluctuations in ADA do not reduce or increase the costs of maintaining and operating the physical plant, at least not in the short term. A better measure of workload in maintenance and operations is the number of gross square feet that have to be maintained.

The second component of the program-based model is the funding standards, which set the appropriate level of service in each funding category. Whereas workload is a measure of the number of units to be supported, the standards specify the type and amount of services each unit should receive. The current funding system does not incorporate any standards. There are implicit assumptions about the services that will be purchased with the block dollars per ADA apportionment, but these assumptions are not clearly specified. Program-based funding makes the standards explicit: the proper ratio of full-time equivalent students to full-time equivalent faculty, the appropriate number of counselors in a college of a particular size, or the number of volumes contained in the college library.

The third component of the model is the unit costs of the inputs to the model. In each of the functional areas it was necessary to determine the primary variables that affect the costs of providing the services specified in the standards. In instruction, for example, the main factors affecting costs are the salaries and benefits of faculty and staff and the costs of supplies. Unit costs in libraries include not only salaries, but the costs of magazine subscriptions, new books, and on-line bibliographic services. The factors that could be identified as the basis of costs in the community colleges are practically unlimited, so the factors specified in the model are restricted to big-ticket items (e.g. salaries) or are aggregated into summary categories ("supplies" as opposed to chalk, erasers, and light bulbs).

Each of the program categories in the model is structured around these three basic components. The next two sections of this chapter lay out the program categories, workload measures, standards and unit costs employed in program-based funding.

Funding Categories and Workload Measures

The number of funding categories appropriate to a model of program-based funding depends upon the objectives of the funding system. The greater the number of categories and

the more precisely they are specified, the more prescriptive the funding system. In contrast, the fewer the number of categories, the more difficult the precise specification of the cost factors and workload measures in each category. The funding system developed here was designed to balance these two concerns to provide relatively flexible funding at the district level with adequate specificity to reflect the cost consequences of providing a set level of educational services and programs in the community colleges.

Funding Categories in Program-Based Funding

The AB 3409 Task Force recommended that there be five funding categories in program-based funding. The categories are 1) instruction, 2) instructional services and libraries, 3) student services, 4) maintenance and operations, and 5) institutional support.[2] These five categories represent functionally separate areas for which workload measures and funding standards could be adequately specified. They also represent functional areas for which reasonably accurate data are either available now or can be made available in the near future without undue burden. Further differentiation would be possible, but the gains in precision with respect to standards and workload measures was outweighed by the increased complexity and the increased data collection and verification costs this differentiation would introduce.

The members of the *ad hoc* working group saw no reason to alter the basic formulation of the categories in the funding model, although many of the specific standards were refined. Figure 3.1 displays the funding categories, corresponding Activity Codes, and the workload measures associated with each category as they were revised by the *ad hoc* group.[3] A sixth category, academic administration, is shown separately in Figure 3.1, but is not intended to be a separate category in the final model. The Task Force originally recommended that academic administration be included in the institutional support category. The members of the *ad hoc* group revised the academic administration formula to be a percentage of the revenues generated in instruction, and therefore considered including academic administration in the instruction category. No final decision has been reached about where this sub-category will be included.

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[2] Media and Learning Centers are included in the instructional services and libraries category.

[3] The Activity Codes are taken from the CCFS-311 form, which is used for reporting district expenditures to the Chancellor.

FIGURE 3.1
FUNDING CATEGORIES, ACTIVITY CODES, AND WORKLOAD MEASURES[4]

Funding Category	Activity Code	Workload Measure
Instruction	0100-5900	Full-Time Equivalent Students (FTES)
Instructional Services and Libraries	6100	FTES
Student Services	6200-6400	Fall Headcount Enrollment; New and Continuing Students; Number of Financial Aid Applications
Maintenance and Operations	6500	Gross Square Feet; Developed and Undeveloped Acreage; FTES
Institutional Support	6600-6700	Percentage of Revenues Generated in the Other Four Categories
Academic Administration*	6000	Percentage of Revenues Generated in Instruction

* This category is not intended to be separate in the final model.

Program-based funding was designed to allocate the general state apportionment, exclusive of capital outlay and categorical expenditures.[5] Furthermore, it applies only to the credit side of the community college operation. While there is no technical reason why the noncredit side could not be funded differentially, the noncredit side has for several years been funded separately at a lower rate than the credit side, and the credit and noncredit programs are quite different. As a result, different standards and perhaps even different funding categories may be appropriate in a noncredit program-based model. The relationship between the credit and noncredit programs was examined at length by both the Task Force and the *ad hoc* group, but neither group was able to devote adequate time to developing appropriate, well-specified standards for the noncredit program.

[4] The workload measures shown here are those developed by the Task Force and the *ad hoc* working group for the fully specified model, and not all of these measures were used in the simulations presented in Chapter IV because of the incompleteness of available data.

[5] The model does incorporate categorical funding for matriculation in the student services category. This will be discussed in greater detail in a later section of this chapter, which presents the standards used in the model.

Workload Measures in Program-Based Funding

The workload measure for instruction is full-time equivalent students (FTES).[6] Workload in instruction is driven not so much by the number of students enrolled, but by the number of hours students spend in class, and the Task Force considered both ADA and FTES as possible measures of workload in this category. Both term-length census courses and positive attendance courses are incorporated in the calculation of ADA or FTES; however, the Task Force recommended FTES over ADA because of the way census courses are treated in the calculation. First, FTES is calculated using only the first census, which provides a more appropriate indicator of workload for a postsecondary institution than ADA. Realistically, colleges must staff to serve the number of students enrolled at the time of first census. Even though enrollment typically declines between first and second census, by second census it is too late to cancel or reorganize classes. The second reason FTES was favored over ADA is that FTES does not include the 0.911 attendance factor. Colleges must staff for the number of students enrolled, not the number in attendance on any given day. Third, FTES is used by both of the other segments of higher education in California and it therefore provides a better point of comparison between the systems. Finally, FTES is advantageous because it reduces the administrative burden associated with the calculation of the workload measure since a second census is not necessary.

FTES was approximately 13 percent higher than ADA in 1987-88 statewide. The precise ratio of FTES to ADA in a particular district depends upon the actual enrollment declines experienced between first and second census and the proportion of contact hours generated in positive attendance courses.

The workload in the academic administration subcategory is the instruction budget. Academic administration is calculated as a percentage of the revenues generated in instruction after those revenues have been adjusted by an economy of scale factor. This formula thus specifies that the amount of work generated in academic administration is directly related to the workload in the instructional program.

FTES is applied as the workload measure in instructional services and libraries. The standards adopted by the Task Force for this category were developed by the American Library

[6] FTES is calculated by summing the total first census contact hours and all positive attendance hours, and then dividing by 525, the number of hours a full-time student would attend class in an academic year. The same "F-factors" (which are used to adjust for flexible calendar scheduling) and term length multipliers that are used for calculating ADA are used in calculating FTES.

Association, and the college size distinctions used in those standards were based on FTES. Therefore the Task Force adopted FTES as the appropriate measure of workload.

Unlike the first two categories, the student services workload is primarily headcount enrollment in the Fall term, although other measures are used for several sub-categories within student services.[7] Headcount enrollment is the better measure of the amount of work generated because the services provided in this category are specific to the individual. Each student must have enrollment and admissions records, no matter how many courses he or she takes. Individual students need access to counseling services, job placement, and health services. However, all students do not use all of these services, and the standards make allowances for non-universal participation. For example, new students only are the workload measure for orientation services, and new and continuing students are treated differently in terms of the amount of counseling they are likely to need. Even though headcount is a good measure of workload for most of student services, the relationship between headcount enrollment and the costs of financial aid administration varies substantially from one district (or college) to the next. The costs of financial aid administration depend primarily on the number of aid applications received and to some extent the number and type of awards made. The workload measure in the financial aid administration sub-category is therefore the number of student aid applications.[8]

The primary workload measure in maintenance and operations is gross square feet (GSF) in owned or wholly leased space.[9] An additional measure of workload is the number of FTES generated in leased space that is less than 100 percent utilized by a district. This measure was added by the *ad hoc* working group to cover maintenance costs incurred by a district in facilities which are partially used or used part-time such as space leased from a high school. However, these measures provide no compensation for costs incurred in maintaining developed or undeveloped land. Both the Task Force and the *ad hoc* group recommended that the amount of developed and undeveloped acreage therefore be used as additional workload measures.[10]

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[7] Fall term is used for both quarter and semester term campuses. The Task Force indicated that the best measure of workload for this category would be unduplicated headcount for the whole academic year, but until the data resources for calculating unduplicated headcount are available, Fall headcount will be used.

[8] The workload measures described here are those specified for the fully developed model. Unfortunately, the data necessary to track aid applications and the associated cost factors were not available for inclusion in the simulations presented in Chapter IV.

[9] This is essentially the same as inventoried space on the Facilities Inventory file maintained by the Chancellor.

[10] Acreage was not used as measure of workload in the simulations presented in Chapter IV because data on the number of developed and undeveloped acreage are not available in the Chancellor's Office. Furthermore, work currently being conducted by Clyde Gordon Associates for the Chancellor's Office indicates that gross square feet

After reviewing the workload measure recommended by the Task Force for institutional support, the *ad hoc* committee agreed that the workload measure for this category should be the level of funding in the other four categories. The modified formulation of the CSU model relied on FTES as the workload measure in this category. However, this modified model did not fit the community colleges very well, since the community colleges cover a much larger range in terms of size. Rather than modify the CSU system to fit the community colleges using FTES as the measure of workload, the *ad hoc* working group agreed that the percentage of costs approach would be sensitive to workload changes and would easily incorporate the scale economy factors developed for each of the other categories. Since activity in each of the other four categories has an impact on the workload in administration and on the overhead incurred in running a district or college, this seemed a simple and appropriate workload mechanism.[11]

Funding Standards and Unit Costs in the Program-Based Funding Model

In the system of program-based funding, funding standards represent appropriate levels of service for the community colleges in each of the several program categories. The standards presented here were developed initially by the Task Force and refined by the *ad hoc* working group. They are not necessarily the "right" standards in every case but represent a point of departure for specifying appropriate levels of service in relation to the mission of the colleges.

The unit costs employed in the model are generally statewide averages: average salaries and benefits by employment category, average expenditures per unit of workload, or average costs of purchasing computer services or supplies. The Task Force members discussed at length the possible problems of average funding levels (for example, inadequate support in instruction for districts with high negotiated salaries), but they were also cognizant of the dangers of recognizing differences that did not reflect actual differences in costs but rather differences in history or funding priorities. Their agreement to accept unit costs at the statewide average for purposes of calculating a district's general apportionment revenues was based on their understanding of program-based funding as a revenue model, and not as a prescription for expenditures. On average, the funding model provides adequate resources to cover the costs of providing the level of services specified by the standards in all districts. However, local

by itself provides a very accurate measure of expenditures in maintenance and operations. Therefore subsequent versions of the model may exclude acreage as a possible workload measure altogether.

[11] Academic administration was not included in the calculation of institutional support. The decision to exclude academic administration was due to the uncertainty regarding where it would ultimately be included—in instruction or institutional support. Mathematically there is no difference whether academic administration is included in the calculation since its inclusion would simply result in institutional support being treated as a smaller percentage of the other categories.

fluctuations from the mean in actual costs must be considered, and strict expenditure controls would require a much more sensitive calculation of local cost factors. From the perspective of the state, such fine accounting of costs would be an enormous fiscal and staff burden. Thus specifying unit costs at the mean is a compromise which provides adequate resources coupled with flexibility at the local level, and also provides adequate tracking of costs without undue burden at the state level.

Taken together the standards and unit costs are the factors that determine the appropriate level of support per unit of workload. The level of support implied by these factors per unit of workload as they are specified in the model is generally higher than is now being provided. The difference, however, is due primarily to the the higher standards of service specified in the model since salaries and benefits, by far the largest single cost factor, are based on the actual average salaries and benefits now paid in the community colleges. The remainder of this section describes the standards in each of the five program areas, and summarizes the unit costs used as inputs into the model for 1987-88.[12]

Instruction

The standards for credit instruction were developed by the Task Force and were not modified by the *ad hoc* working group. In specifying these standards, the Task Force was concerned about providing adequate resources and flexibility to meet the needs of districts with widely varying educational programs. The standards were therefore specified only in broad terms.

The Task Force recommended the student:faculty ratio based on its assessment of comparable teaching assignments in the CSU system. The CSU ratio is approximately 20.5 to 1 for lower division courses; this ratio was adjusted to reflect the higher teaching loads in the community colleges (five versus four courses per term), yielding an average ratio of 25 to 1.[13]

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[12] For purposes of the simulations presented in this report, all unit costs were based on the 1984-85 average levels and then adjusted for inflation using the COLA. The figures presented here are, therefore, approximations of actual average costs. Because the many cost factors will change at different rates, they cannot be adjusted by the COLA indefinitely and will have to be recalculated at regular intervals. Whether they need to be recalculated each year is an open question, and one that neither the Task Force or the *ad hoc* working group resolved. Unit costs are shown in parentheses next to the standards to which they apply.

[13] The staffing ratio of 25:1 is not the same as average class size, but since the full-time student load is equivalent to the full-time teaching load—15 units—the staffing ratio and average class size should be close. However, not all faculty are available for full-time teaching assignments in all terms. Faculty can be granted leave for administration or other special assignments, and these faculty are still included in the staffing ratio. As a result, average class sizes should tend to be slightly higher than 25.

Most colleges use a combination of contract and hourly faculty to teach their courses. The Task Force recognized the importance of continuing this practice, and recommended that the use of hourly faculty be set at 25 percent of the FTE faculty assignments. Contract faculty perform a wide range of services outside of the classroom such as office hours, faculty advising, and committee assignments, and the members of the Task Force felt that these were sound educational reasons to encourage the use of contract faculty by providing the colleges the resources to cover their higher costs (two to three times more on average than hourly faculty). However, the Task Force also recognized the importance of flexibility in staffing, particularly given the recent fluctuations in enrollment in districts across the state. The Task Force therefore recommended a faculty mix of 75 percent contract and 25 percent hourly faculty for credit instruction to ensure a solid core of permanent faculty and still allow sufficient flexibility in allocating resources. In addition, the standards recommended by the Task Force specify a flat amount per FTES to cover the costs of clerical staff and supplies.

Rather than try to identify clerical and support staff salaries and the appropriate ratio of staff to faculty, the Task Force decided that it would be simpler to specify a flat amount per FTES to cover the costs of support staff and supplies. The flat amount per FTES was based on the residual after calculating total faculty salaries and benefits and subtracting these faculty costs from the total amount spent on instruction in 1984-85. This yielded $320 per FTES in 1984-85, which was then adjusted for inflation (COLA) to yield $370 per FTES in 1987-88.

Standards and Unit Costs in Instruction

- Student:faculty ratio of 25:1 based on FTES and FTE faculty;
- Faculty mix of 75 percent contract FTEF and 25 percent hourly FTEF;
- Statewide average faculty salaries and benefits for contract ($47,071) and hourly faculty ($16,072); and
- Flat rate per FTES to cover the costs of staff support and supplies ($370).[14]

Academic Administration

Although academic administration is not intended to be a separate category in the final model, the Task Force members felt that it was an important category and needed to be

[14] All cost factors discussed in this report apply to the 1987-88 fiscal year unless otherwise noted.

separately addressed in the standards. The Task Force originally specified standards for academic administration that were based on similar functions in the CSU funding model.

These standards worked relatively well for campuses greater than 3,000 FTES, but the basic complement of personnel was far too generous for the small campuses in the community college system. However, the *ad hoc* working group determined that the total funding generated by these formulas as a percentage of the total statewide funding generated for instruction—12.5 percent—was an appropriate amount to cover the costs of administration. The group therefore decided to take this percentage as the apportionment mechanism. The total revenues produced statewide is the same, but there is a redistribution of resources from the smaller districts to the larger ones. This means that very small districts do not receive as much in academic administration as they receive in instruction; rather, all districts in the state receive the same percentage of their instruction budget to cover the costs of administration. The standards as specified by the Task Force are still needed to calculate the appropriate level of support for academic administration, but they are not used to determine the district by district allocations.

Standards and Unit Costs in Academic Administration

- Deans = 4.5 FTE + 0.001 x FTES for FTES over 5,000;
- Associate Deans/Dept. Chairs = 4.8 FTE + (FTES/student:faculty ratio) x 0.02747;
- Academic Planners = 0.5 FTE + 0.0001 x FTES for FTES over 4,500;
- Clerical Staff = 1 x Deans + 0.47 x Associate Deans/Dept. Chairs + 0.22 x Academic Planners; and
- Statewide average salary and benefits for deans, associate deans and department chairs ($47,071), academic planners ($46,882), and clerical staff ($26,914).

Instructional Services and Libraries

The primary standards in the library portion of this category are the minimum standards developed by the American Library Association/Association of College and Research Libraries (ALA/ACRL) for two-year and community college libraries. These standards specify the number of library personnel, books (printed matter) and periodicals that are appropriate for a college of a particular size. The Task Force also specified supplemental standards to cover fixed costs and new technologies such as on-line computer services. Table 3.1 summarizes the

library standards as they were developed by the ALA/ACRL and then adapted for the California Community Colleges.[15]

Neither the Task Force nor the *ad hoc* group were able to identify standards that applied to media and learning centers, and until adequate standards are developed, both groups recommended using the statewide average per FTES to cover these costs. To calculate average costs per FTES in this area, total library expenditures were subtracted from total expenditures in the 6100 Activity category. The residual was then divided by the number of FTES statewide.

Standards and Unit Costs in Instructional Services and Libraries

Table 3.1
ALA/ACRL Minimum Standards

College Size FTES	Type of Staff		Materials	
	Professional	Support	Periodicals	Printed Matter
< 1,000	2.0	3.0	200	30,000
1,001-3,000	2.5	3.5	300	40,000
3,001-5,000	3.5	6.5	500	60,000
5,001-7,000	6.0	10.5	700	80,000
Each Add'l 1K	0.5	1.0	5	6,000

- a flat amount per campus to cover administrative and fixed costs ($18,991);
- a small per FTES allocation to cover marginal costs ($1.65);
- a book-binding allowance ((FTES x 0.008 + $1,965) x $17.27);
- a per new volume technical processing cost ($4.65);
- a flat amount per year to cover on-line systems and data bases ($62,093);
- a 3 percent replacement rate for library volumes;
- the statewide average salaries and benefits for librarians ($45,544) and library staff ($21,735); and
- flat rate per FTES to cover the costs of Media and Learning Centers ($46).[16]

[15] The step-function was smoothed in model to avoid sharp discontinuities between the size categories.

[16] The amounts shown in parentheses were the cost factors employed for the 1987-88 simulations. The per FTES cost of media and learning centers was derived by subtracting all of the library expenditures from the total

Student Services

The student services category includes an array of services from admissions and records to student health and financial aid. MPR Associates met several times with staff from the Chancellor's office and with student services officials representing different service subcategories to develop adequate standards for this category. The resulting standards must be considered preliminary, but they do delineate the several functions within the student services area and reflect the approximate costs of providing these services. Student services was the only category to include any of the categorical funding provided to the community colleges.

Standards and Unit Costs in Student Services

- Admissions and Records: statewide average expenditures per headcount enrollment ($38);
- Orientation: matriculation standards (Flat amount per campus for preparation ($3,275) plus a per student allocation for 80 percent of new students ($5));
- Assessment: matriculation standards (Two tests per student tested plus administrative overhead ($5); 80 percent of new students would be tested);
- Counseling and Career Planning: matriculation standards (Flat amount per counseling session ($30); 80% of new students counseled, 50% of continuing students counseled—yields approximate student:counselor ratio of 355:1);
- Financial Aid: statewide average expenditures per Fall credit enrollee ($21);[17]
- Placement Services: 1 director + 1 FTE staff per 10,000 Fall credit enrollees + 1 clerical FTE + 1 clerical FTE per 4 staff employees;
- Student Activities: 1 director + 1 FTE staff per 10,000 Fall credit enrollees + 1 clerical FTE + 1 clerical FTE per 4 staff employees; and
- Statewide average salaries and benefits for professional ($46,882) and clerical staff ($26,914).

expenditures in the 6100 Activity Code category using 1984-85 data. The per FTES amount was then updated using the annual COLA.

[17] No standards have been developed for the financial aid component of student services. The costs of administering financial aid are not very closely related to the size of the college or district, but are a function of the number of student aid applications received and processed, and of the number of aid awards made. There is also some variation in relation to the type of aid applications and awards made. Standards for this sub-category are therefore still under development by the Chancellor's student aid staff.

The matriculation model, developed by MPR Associates and submitted to the Chancellor's Office in March 1984, provided the best estimate of standards in these student services subcategories, and so were incorporated into the funding model.[18]

Maintenance and Operations

The standards for maintenance and operations (M&O), like student services, are still being developed.[19] The Task Force recommended that CSU standards be modified to reflect the conditions in the community colleges. The CSU standards are based on the gross square footage of buildings, and on the number of developed and undeveloped acres. The Task Force also considered possible differentiation between types of space, for example, between laboratories and lecture halls. However, no clear standards have yet been developed for any part of the M&O category.

For purposes of the simulations presented here, the total M&O budget in 1986-87 was divided by the number of gross square feet (GSF) in owned or wholly leased space in the state. The resulting flat amount per GSF was then adjusted upward by 22 percent to parallel the average increases observed in the other categories for which standards have been developed. In addition, a flat amount per FTES generated in less than 100 percent leased space was allocated to cover the costs of M&O in space that cannot be counted by the district in its facilities inventory report but for which the district must pay maintenance costs. The per FTES amount was derived by summing the total reported expenditures for less than 100 percent utilized space and dividing by the number of FTES generated in this space.

The apportionment generated by these standards includes some amount for maintenance and operations of facilities used in the noncredit program. Because the model developed here applies only to the credit side, $150 per noncredit FTES was deducted from the apportionment generated by the standards. The dollar amount of the noncredit deduction may not be the correct figure, but it illustrates the technique that will be used to produce the correct sum for maintenance and operations in the credit program.

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[18] *Community College Matriculation Cost Study*, E. Gareth Hoachlander, Susan P. Choy, and Charles S. Benson. March 1984.

[19] The Chancellor's office has recently contracted with Clyde Gordon Associates to review the costs of M&O and to develop preliminary standards.

Standards and Unit Costs in Maintenance and Operations[20]

- Allocation per gross square foot ($6.09); and
- a per FTES allocation for FTES generated in less than 100 percent utilized space ($106).

Institutional Support

The Task Force originally specified modified CSU standards for the institutional support category with FTES as the workload measure. However, after reviewing the the district by district impact of these modified CSU formulas, the *ad hoc* group determined that they would have to be substantially altered to generate appropriate allocations for all districts. As was the case in the academic administration category, the formulas were far too generous to small districts: in the original formulation of the model prepared by the Task Force, the two or three smallest districts would have received more in this one category than they were getting in their entire budget under SB 851.

In order to set the appropriate level of support, MPR Associates examined actual statewide expenditure patterns in 1986-87. The institutional support category (Activity Codes 6600 and 6700) as a percentage of expenditures in the other four categories (excluding academic administration) was approximately 20 percent. The *ad hoc* group therefore set as the funding standard in this category a rate of 20 percent of revenues generated in the other categories.

This revised standard has several advantages. First, it is simple. Second, the standard is based on expenditure patterns in the community colleges, and so fits their particular situation. Third, it automatically incorporates the economy of scale adjustments in the other funding categories.

Standards in Institutional Support

- 20 percent of the revenues generated in the other four funding categories, excluding academic administration.

[20] These are interim standards for purposes of simulating program-based funding. No standards have yet been developed in this functional area.

The Apportionment Formula

District allocations are a two step process. The first step is calculating the level of support per unit of workload implied by the standards and unit costs. To calculate these levels, the fully specified "standards model" was run using 1987-88 unit costs. Summary factors were then developed to fit each funding category. In instruction and maintenance and operations, the summary factor is a flat per workload unit allocation; in student services and in instructional services and libraries the summary factors include a block allocation per college plus a per workload allocation. The second step is to take the calculated support levels and multiply them by the number of workload units in each district or college for each program category. The allocation mechanism is therefore a simple arrangement of seven equations (including a flat rate for noncredit programs). Figure 3.2 shows the apportionment formulas and the levels of support that the standards implied in 1987-88. These formulas were used to generate the district by district simulations presented in Chapter IV.

FIGURE 3.2
FUNDING CATEGORIES AND LEVELS OF SUPPORT

Funding Category	Support Level
Instruction	$1,782 per FTES
(Academic Administration	12.5 percent of the revenues generated in instruction)
Instructional Services and Libraries	$280,000 per college plus $55 per FTES for the first 2,500 and $130 per FTES over 2,500
Student Services	$70,000 per college plus $160 per new student, $115 per continuing student
Maintenance and Operations	$6.09 per gross square foot plus $106 per FTES in partially utilized space
Institutional Support	20 percent of the revenues generated in the other four categories*
(Noncredit	$1,437 per FTES)

* Excluding academic administration.

In the case of instruction and student services the apportionments generated by the simplified formulas were then modified by an economy of scale factor.[21] The block grant approach used in student services and instructional services and libraries produced a similar effect: the large grant was spread across few students in the smaller colleges and districts, thereby increasing the amount available to the district per unit of workload. In the case of libraries, there are only very small economies of scale in colleges smaller than 2,500 FTES, so the marginal allocation for the first 2,500 FTES is relatively small; the marginal allocation increases from $55 to $130 per FTES for each FTES greater than 2,500 to cover increased marginal costs as the resources available per FTES from the block grant decline with size.

There are several advantages to using this simplified formula for apportionment purposes. The first is that the simplified mechanism is easier to work with and to communicate to legislators, administration officials, and other interested parties who do not have time to become familiar with all of the detailed standards. Second, the simplified mechanism makes projecting revenues in current and future years easier, and therefore facilitates planning at both the district level and state level. Third, the apportionment formulas could be used as the funding mechanism and updated using a COLA each year, saving the expense and effort of recalculating the cost factors associated with the standards for every third or fifth year as appropriate.

Economy of Scale Factors

Four of the five program categories incorporate a scale economy factor. Only maintenance and operations, for which standards have not yet been adequately specified, is not adjusted for scale economies. Once the standards in M&O are more developed, however, a separate scale economy factor maybe developed for this category as well.[22] Unlike the current adjustment mechanism, which applies the same factor across all funding categories based on ADA as the sole measure of the district size, the program-based funding model applies separate

[21] The economy of scale factors will be discussed in a later section. For purposes of the apportionment formula, MPR Associates and members of the *ad hoc* group tried to develop a linear equation that incorporated a block grant and a per student amount that would eliminate the need for the scale economy adjustment. However, because the scale factors are different for single- and multi-campus districts, and because of the shape of the curve applied to the standards model, no simple two- or three-factor fomula would accurately reflect the apportionments generated by the standards model. Therefore the economy of scale mechanism was retained for the apportionment model, although the members of the *ad hoc* group plan to continue to develop a simpler apportionment formula for instruction and student services.

[22] Thus far it not clear that scale economies are a problem in maintenance and operations. Since small schools are reimbursed for the number of gross square feet (and ultimately the acreage) they own or maintain, the actual costs they incur in this program category may be covered. However, this issue deserves more study, and no decisions have yet been made regarding the adequacy of the unadjusted reimbursement formula.

factors to each category. Furthermore, in the instruction and the student services categories, the model includes different scale economy factors for small districts and for small colleges within multicampus districts. The factor is slightly higher for small districts than for small colleges since colleges in a multicampus situation can take advantage of centralized administrative functions. Table 3.2 shows the separate district and college economy of scale factors for instruction. The same factors apply in student services, but since headcount tends to be higher on average than FTES, the same college and district adjustments apply at slightly higher enrollments. The size adjustment for libraries is shown in Table 3.1 above as part of the standards for that category.

Table 3.2
District and College Economy of Scale Factors in Instruction Based on FTES

College Size	Adjustment Factor	District Size	Adjustment Factor
500	1.3400	500	1.3700
1000	1.2583	1000	1.2917
1500	1.1759	1500	1.2076
2000	1.0934	2000	1.1227
2500	1.0519	2500	1.0799
3000	1.0103	3000	1.0371
3500	1.0077	4000	1.0318
4000	1.0052	5000	1.0265
4500	1.0026	6000	1.0212
5000	1.0000	7000	1.0159
		8000	1.0106
		9000	1.0053
		10000	1.0000

Figures 3.3 and 3.4 graph the factors shown in Table 3.2. These figures show the distributions to be continuous over the range that they apply. Table 3.2 shows only representative points along this curve, and discontinuities at the intersections between size categories have been smoothed. The scale adjustment factors were developed to approximate the current small school mechanism in SB 851 at the small end, but the factor was adjusted to provide an economy of scale adjustment in instruction (student services) for districts up to 10,000 FTES (11,000 headcount), and for colleges up to 5,000 FTES (6,000 headcount). This mechanism therefore provides a slight adjustment for middle-sized colleges and districts that have thus far been unable to fully realize economies of scale.

There is no explicit scale adjustment factor in institutional support. The percentage of costs generated in the other categories is calculated after the scale economy factor has been applied, so the revenues generated in this category are based on the scale adjusted apportionments. There was some discussion among the members of the *ad hoc* working group about whether this would be an adequate factor adjustment for the smallest districts, but no further adjustments were made to the institutional support allocation than the ones implicit in the percentage of revenues mechanism.

Figure 3.3

Economy of Scale Factor for Colleges

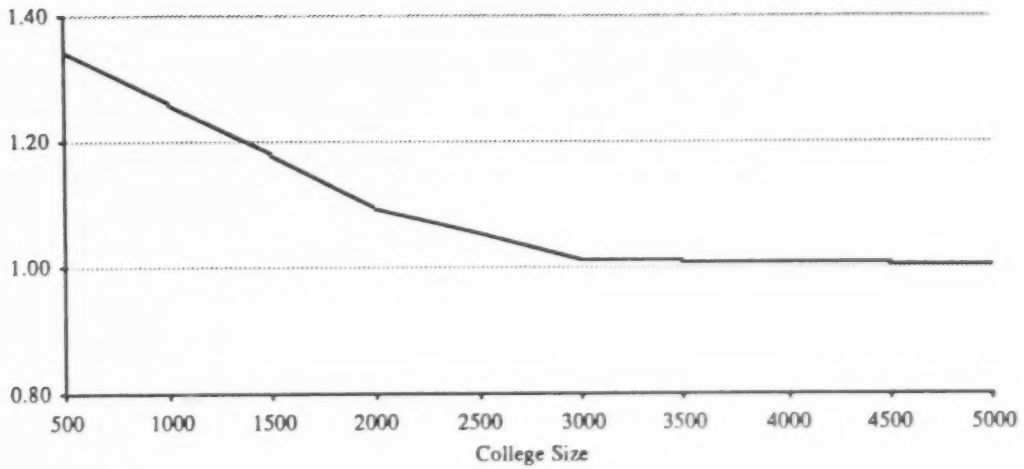
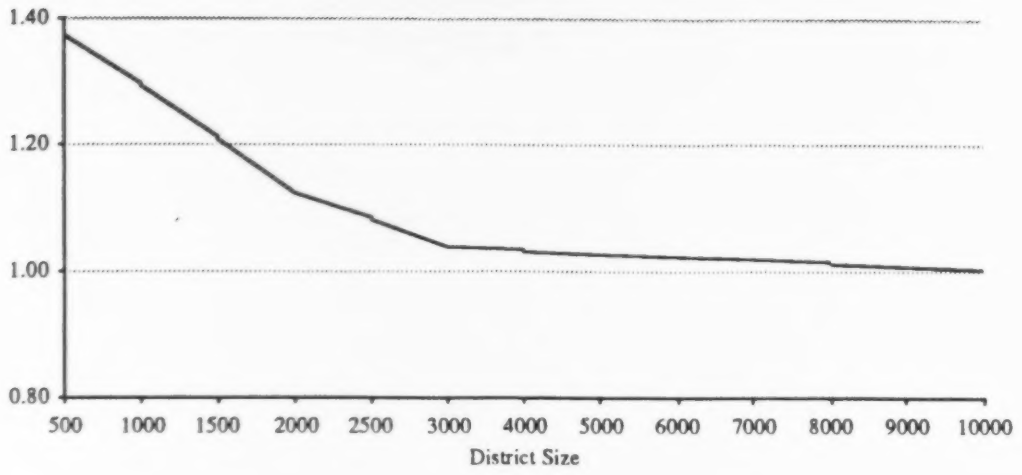


Figure 3.4

Economy of Scale Factor for Districts



Issues of Implementation

In addition to developing the program-based funding model, the Task Force and the *ad hoc* committee examined issues related to implementation of the funding system. After reviewing the work of the *ad hoc* group, staff from the Chancellor's Office developed a three-part plan for implementing program-based funding, culminating in full implementation in 1991–92.

The first of these three parts would be the refinement of the standards by the Board of Governors. Neither the Task Force nor the *ad hoc* working group believed that the standards they developed would be the ultimate form of the standards in the funding system. Further efforts are required to fully specify the standards in maintenance and operations and student services, and more work is necessary in specifying the factors which affect costs throughout the model. Furthermore, the standards will ultimately be subject to negotiations with the Legislature and the Governor, and the standards as they are presently specified have not yet incorporated input from these sources. The standards should be completed by January of 1990.

The second part of the implementation strategy is to provide transitional funding through AB 1725 (Vasconcellos) to move toward program-based funding and to resolve issues

surrounding the sunset provisions of SB 851, the current funding mechanism. Program-based funding represents a large change in the funding mechanism for the community colleges, and change of this magnitude is likely to cause some fiscal dislocations and challenges as the new system is put in place. Therefore, as part of the effort to accommodate the sunset provisions of SB 851, transitional funding will be provided through the program-based funding format. This will ease the process of transition and provide both districts and the state an opportunity to work with the program-based model before it becomes fully operational. Transitional funding should become available in the 1988-89 or 1989-90 fiscal year.

Finally, full implementation of the program-based model would occur in 1991-92. This timetable will give the community colleges several budget cycles to adjust to the mechanism and to prepare the necessary data collection and verification procedures.

In addition to the strategy for phasing in program-based funding, the *ad hoc* working group considered three important issues related to the on-going operation of the funding mechanism. These were program improvement, cost of living adjustments, and growth and decline.

Program Improvement

The standards generally represent higher levels of service than are being provided in the community colleges, and the program-based funding model would generate more revenues for every district in the state. It is unlikely that the state will immediately have adequate resources to fund the colleges at the full standards, or that districts—particularly those furthest from the standards (i.e. those whose actual apportionments are furthest below their estimated apportionments under the fully funded model in percentage terms)—would be able to absorb the new resources efficiently even if the state were able to fully fund the standards. Thus the *ad hoc* committee developed a strategy for introducing program improvement that is consistent with the formulation of the model and with the strategy for implementing program-based funding.

Program improvement would take two forms: across-the-board program enhancement with all districts receiving some additional funding on a per workload unit basis, and "leveling up" with districts furthest from the standards being the first to receive additional monies. These two forms of program improvement could operate simultaneously; the exact proportion of program improvement monies available for program enhancement and leveling up would be the

subject of negotiations each year as would the total amount of program improvement funds available.

The members of the *ad hoc* group considered several possible strategies for phasing in program-based funding, but the basic premise that resulted from these discussions was that no district should be made worse off as a result of moving to the new model. Thus the starting point for implementing program-based funding is a revenue-neutral scenario in which all districts would receive the same funding that they would have received under SB 851. This would hold the state harmless as well. Any additional monies available would then be allocated through the two forms of program improvement. The simulations in Chapter IV show how funds would be allocated under a range of assumptions with program improvement monies split into two pots for distribution on both the across-the-board and leveling up bases.

Allocating new money for program improvement using this strategy has a number of benefits. First, in the short-term it means that the new funding system closely approximates the old system under SB 851, and adjustments are made incrementally on the margin. Second, allocating program improvement funds as a combination of across-the-board enhancement and leveling up means that all districts will benefit somewhat from new monies being pumped into the system, with those furthest from the standards receiving proportionally more new money. This would have the effect of equalizing apportionments with respect to the fully funded standards. Third, this strategy would have the effect of driving new money into the system on the basis of the new funding model, and after an adjustment period of several years the whole budget could be allocated on this basis without undue hardship or dislocation for any district.

Cost of Living Adjustments

The Task Force recommended that two statutory COLAs be established, one for employee compensation and one for non-personnel related expenses. In response to this recommendation, the *ad hoc* committee examined the possible COLAs that could be used in program-based funding. The members of that group concluded that the current statutory COLA is probably the best available, and that the need for a second COLA has not yet been proved. For purposes of the simulations presented in Chapter IV only one COLA, the one currently in legislation, was used.

The COLA has the same function in program-based funding as it does under the current system. Like the current mechanism, the COLA would be used to keep revenues current with the rising costs of salaries, supplies, and maintenance. The COLA would be separate from

program improvement monies, and would be allocated across-the-board without regard to a district's funding with respect to the standards. Unit costs would be inflated for both apportionment purposes and calculation of the standard allocation generated by the model, thereby preventing districts from achieving the fully funded standards through inflation.

However, unlike the current system, program-based funding is designed to accurately track the costs of providing a specified level of educational programs and services, and costs do not necessarily escalate constantly in relation to the cost of living. For example, funding in instruction would be based on the statewide average faculty salaries for contract and hourly faculty. But the experience mix of faculty in the system does not necessarily stay constant: as older, higher paid faculty retire they are replaced by younger faculty at a lower salary level, and the average salary may actually decline. In contrast, as the average level of experience of the faculty goes up, total salaries will increase faster than the COLA.

These factors are independent of changes in the cost of living, which means that the cost factors incorporated into the model will have to be recalculated on a regular basis. The appropriate schedule has not been determined, and the costs associated with recalculation (data collection and verification, staff time) will have to be balanced against the benefits of greater accuracy in tracing costs.

Growth and Decline

The Task Force recommended that growth be funded fully in the year it occurs and revenue losses due to decline be spread out over three years. However, unlike the current system, decline would also occur at the full percentage of standard. This system would provide greater stability in periods of decline so that staffing adjustments could be planned and needed services would not be cut. It would also generate sufficient resources so that in periods of growth a district would be able to provide services for all students. The *ad hoc* committee did not alter this recommendation in any way.

The Task Force also considered the issue of how much growth to allow, and concluded that some type of growth cap would be necessary. Following the Legislative Analyst, the Task Force recommended that the growth cap be calculated based on the change in the adult population, the number of high school graduates in the district, and the local unemployment rate. While the *ad hoc* committee did not alter these provisions, it did consider some of the problems associated with a growth cap and the growth and decline formula recommended by the Task Force.

The most difficult issue considered by the *ad hoc* group was the relationship between capped growth and decline. Should a district's decline be calculated based on the level of funded workload (assuming a growth cap) or on the basis of its actual workload? The members of the *ad hoc* committee concluded that all calculations would have to be based on funded workload for inter-year consistency in apportionment calculations. Ironically, this means that a district could actually lose FTES and still exceed its growth cap (if the previous year's funded FTES plus growth was still less than actual FTES). Another problem was whether a district, in a period of decline, would be able to grow back within some limited number of years to the point from which it started its decline, or would re-growth also be capped? Similarly, would a district continue to receive adjustment monies from prior year declines in FTES or enrollment, even though its growth was fully funded in the current year and that growth exceeded (or equaled) prior year declines. These issues were not resolved by the *ad hoc* group, and further work will have to be done to simulate the relationships between the various growth and decline scenarios.

CHAPTER IV

SIMULATIONS OF PROGRAM-BASED FUNDING

This chapter presents simulations of program-based funding using the apportionment formula developed in Chapter III. The unit cost factors are all based on 1987-88 data, and simulated program-based apportionments are compared to actual first principal general revenue apportionments in 1987-88 under SB 851. Actual apportionments have been adjusted to include 1987-88 allocations for matriculation (which are not treated as categoricals in the program-based model), and all noncredit funding has been excluded.

Simulation 1 is a "revenue neutral" simulation, which is based on the assumption that no new money is allocated to the community colleges. This shows the relationship between actual funding and the fully funded program-based model. Column 3 of Simulation 1 shows the projected apportionments under the program-based model, Column 4 shows the actual apportionments under SB 851, and Column 5 shows the difference between the two funding systems. In the revenue neutral situation, the total statewide apportionment for the community colleges and each district's apportionment are the same under the program-based model and SB 851. Column 6 shows the relationship between the revenue neutral apportionments and projected apportionments when the standards are fully funded. Total statewide general revenues are about 76 percent of the fully funded standards, and, on average, district actual revenues are approximately 75 percent of the fully funded standards. However, there is substantial variation in the percentage of standards currently received by the districts as general revenues: the district furthest from the standards receives only 66 percent of the fully funded amount, while the district closest to the standards receives at almost 95 percent of the fully funded amount.

Simulations 2 and 3 both are based on the addition of $50 million in program improvement funds, but the way in which they treat the per workload unit portion of those funds is slightly different. Both simulations would pump $25 million, or half of the program improvement monies, into the system on a leveling up basis. Leveling up monies are distributed after the per workload unit allocation is made. Simulation 2, however, distributes the other $25 million to all districts on a per FTES basis only, while Simulation 3 distributes the remaining $25 million to all districts proportionally across all workload measures. The results of these two strategies for allocating program improvement funds have slightly different results. For example, under the per FTES scenario (Simulation 2), Allan Hancock receives

approximately $201,000 in program improvement funds, a 1.48 percent increase over their actual 1987-88 apportionment, but under the per all workload scenario (Simulation 3), Allan Hancock receives $197,000 in additional funding, which equals a 1.46 percent increase. Columns 3 and 4 in both simulations show the amount of each type of program improvement funding each district receives, Column 5 shows total modeled revenues, Column 6 reiterates the actual state apportionment received in 1987-88, Column 7 presents the percentage difference between projected and actual revenues, and Column 8 shows the percentage of full standards the modeled revenues represent. Statewide, the additional $50 million represents a 2.89 percent increase over actual 1987-88 funding levels, bringing the statewide funding level to about 78 percent of standards. On average, districts receive 77.86 percent of standards Simulation 2, compared to 77.87 percent in Simulation 3. In both simulations the additional $50 million is enough to bring the districts furthest from standards to 75.71 percent of that amount. However, the district closest to achieving the standards in Simulation 2 is at 95.06 percent, compared to 95.33 percent for the district closest to achieving the standards in Simulation 3.

Simulations 4 and 5 are similar to Simulations 2 and 3, except that they project revenues when $100 million in program improvement funding is pumped into the system. The additional $100 million is enough to bring all districts at least up to 78.72 percent of full standards. However, when the per workload portion of the program improvement funds are distributed solely on the basis of FTES, the district closest to the full standards is at 95.61 percent, but when the same $50 million is distributed proportionally across all program categories by the several workload measures, the best-off district is at 96.15 percent of the full standards.

Simulation 6 shows the fully funded program-based model by program area. To fully fund program-based funding the state would have to increase the general revenue apportionment by $554 million, or a 32 percent increase over the current funding level. On average, districts would receive 33 percent more revenues, but there is a wide dispersion about the mean. The smallest percentage increase over current funding would be slightly less than eight percent, and the largest percentage increase would be about 52 percent.

SIMULATION 1: REVENUE NEUTRAL APPORTIONMENT (APPORTIONMENT EQUALS 1987-88 ACTUAL)

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6
DISTRICT NAME	FTE STUDENTS	TOTAL MODELED REVENUES	ACTUAL STATE APPORTIONMENT 1987-88	PERCENT DIFFERENCE MODEL : ACTUAL	PERCENTAGE OF FULL STANDARDS APPORTIONMENT
ALLAN HANCOCK	5,575	13,541,990	13,541,990	0.00%	74.80%
ANTELOPE VALLEY	4,544	10,415,002	10,415,002	0.00%	68.55%
BARSTOW	1,058	3,916,904	3,916,904	0.00%	78.04%
BUTTE	6,397	15,504,484	15,504,484	0.00%	75.46%
CABRILLO	7,356	17,633,882	17,633,882	0.00%	73.37%
CERRITOS	12,630	30,964,289	30,964,289	0.00%	77.12%
CHAFFEY	6,150	16,718,408	16,718,408	0.00%	81.03%
CITRUS	6,124	14,163,971	14,163,971	0.00%	67.07%
COACHELLA VALLEY	4,061	11,378,356	11,378,356	0.00%	80.17%
COAST	29,863	72,219,993	72,219,993	0.00%	75.85%
COMPTON	3,203	8,787,351	8,787,351	0.00%	76.07%
CONTRA COSTA	22,972	55,546,885	55,546,885	0.00%	77.12%
EL CAMINO	16,153	37,774,028	37,774,028	0.00%	70.27%
FOOTHILL DE ANZA	25,853	63,526,082	63,526,082	0.00%	78.80%
FREMONT NEWARK	5,386	12,737,139	12,737,139	0.00%	71.44%
GAVILAN	2,679	7,024,359	7,024,359	0.00%	73.64%
GLENDALE	7,405	17,370,083	17,370,083	0.00%	74.49%
GROSSMONT	12,136	27,910,890	27,910,890	0.00%	72.19%
HARTNELL	4,497	11,455,651	11,455,651	0.00%	70.80%
IMPERIAL	3,110	7,795,256	7,795,256	0.00%	73.37%
KERN	10,771	28,721,342	28,721,342	0.00%	73.76%
LAKE TAHOE	609	2,412,603	2,412,603	0.00%	77.90%
LASSEN	1,872	5,669,770	5,669,770	0.00%	79.52%
LONG BEACH	14,170	34,537,438	34,537,438	0.00%	77.05%
LOS ANGELES	61,454	172,114,673	172,114,673	0.00%	82.30%
LOS RIOS	27,514	65,796,348	65,796,348	0.00%	74.37%
MARIN	5,535	15,760,520	15,760,520	0.00%	79.04%
MENDOCINO LAKE	1,651	5,117,479	5,117,479	0.00%	77.65%
MERCED	5,154	12,296,288	12,296,288	0.00%	72.06%
MIRA COSTA	3,822	11,774,577	11,774,577	0.00%	91.27%
MONTEREY PENNINSULA	5,259	12,436,739	12,436,739	0.00%	71.44%
MT. SAN ANTONIO	13,855	32,123,454	32,123,454	0.00%	71.57%
MT. SAN JACINTO	1,984	5,388,584	5,388,584	0.00%	69.89%
NAPA VALLEY	3,933	9,549,400	9,549,400	0.00%	70.10%
NORTH ORANGE	20,676	51,516,551	51,516,551	0.00%	75.66%
PALO VERDE	377	1,368,513	1,368,513	0.00%	65.78%
PALOMAR	10,268	24,434,854	24,434,854	0.00%	74.79%
PASADENA AREA	15,138	35,004,718	35,004,718	0.00%	74.37%
PERALTA	16,001	40,598,568	40,598,568	0.00%	68.21%
RANCHO SANTIAGO	13,026	32,986,838	32,986,838	0.00%	82.11%
REDWOODS	4,455	11,898,384	11,898,384	0.00%	74.94%
RIO HONDO	7,739	19,275,816	19,275,816	0.00%	75.75%

SIMULATION 1: REVENUE NEUTRAL APPORTIONMENT (APPORTIONMENT EQUALS 1987-88 ACTUAL)

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6
DISTRICT NAME	FTE STUDENTS	TOTAL MODELED REVENUES	ACTUAL STATE APPORTIONMENT 1987-88	PERCENT DIFFERENCE MODEL : ACTUAL	PERCENTAGE OF FULL STANDARDS APPORTIONMENT
RIVERSIDE	9,651	22,432,542	22,432,542	0.00%	73.10%
SADDLEBACK	12,627	35,058,300	35,058,300	0.00%	86.68%
SAN BERNARDINO	9,598	23,780,162	23,780,162	0.00%	70.95%
SAN DIEGO	22,872	55,777,297	55,777,297	0.00%	77.59%
SAN FRANCISCO	17,177	45,849,175	45,849,175	0.00%	83.89%
SAN JOAQUIN DELTA	11,004	26,459,883	26,459,883	0.00%	73.86%
SAN JOSE	11,483	29,303,129	29,303,129	0.00%	78.15%
SAN LUIS OBISPO	4,649	10,839,754	10,839,754	0.00%	70.87%
SAN MATEO	16,892	42,264,196	42,264,196	0.00%	74.85%
SANTA BARBARA	8,100	19,005,716	19,005,716	0.00%	73.71%
SANTA CLARITA	2,598	6,773,592	6,773,592	0.00%	69.82%
SANTA MONICA	12,753	29,089,954	29,089,954	0.00%	74.36%
SEQUOIAS	5,871	14,134,855	14,134,855	0.00%	74.74%
SHASTA-TE-TR	5,693	13,404,270	13,404,270	0.00%	70.54%
SIERRA	6,349	15,085,405	15,085,405	0.00%	71.35%
SISKIYOU	1,592	4,889,814	4,889,814	0.00%	72.28%
SOLANO	5,608	13,316,713	13,316,713	0.00%	71.23%
SONOMA	12,888	30,250,058	30,250,058	0.00%	73.21%
SOUTH COUNTY	11,185	26,999,981	26,999,981	0.00%	75.02%
SOUTHWESTERN	8,695	20,131,470	20,131,470	0.00%	72.66%
STATE CENTER	13,156	30,944,328	30,944,328	0.00%	69.97%
VENTURA	17,641	41,126,316	41,126,316	0.00%	73.66%
VICTOR VALLEY	2,965	7,685,321	7,685,321	0.00%	74.51%
WEST HILLS	1,410	6,033,840	6,033,840	0.00%	93.62%
WEST KERN	577	3,604,068	3,604,068	0.00%	94.52%
WEST VALLEY	12,922	31,477,319	31,477,319	0.00%	74.38%
YOSEMITE	9,636	25,156,096	25,156,096	0.00%	75.59%
YUBA	5,690	14,736,294	14,736,294	0.00%	77.55%
TOTAL	693,699	1,732,778,306	1,732,778,306	0.00%	75.78%
AVERAGE	9,910	24,753,976	24,753,976	0.00%	75.31%
MINIMUM	377	1,368,513	1,368,513	0.00%	65.78%
MAXIMUM	61,454	172,114,673	172,114,673	0.00%	94.52%

SIMULATION 2: 1987-88 REVENUES PLUS $2 [illegible]ON BY FTES, $25 MILLION LEVELING UP

COLUMN 1	COLUMN 2	COLUMN3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8
		PROGRAM IMPROVEMENT		TOTAL	ACTUAL STATE	PERCENT	PERCENTAGE OF
DISTRICT NAME	FTE STUDENTS	BASED ON WORKLOAD	LEVELING UP	MODELED REVENUES	APPORTIONMENT 1987-88	DIFFERENCE MODEL : ACTUAL	FULL STANDARDS APPORTIONMENT
ALLAN HANCOCK	5,575	200,923	0	13,742,914	13,541,990	1.48%	75.91%
ANTELOPE VALLEY	4,544	163,743	924,399	11,503,145	10,415,002	10.45%	75.71%
BARSTOW	1,058	38,130	0	3,955,034	3,916,904	0.97%	78.80%
BUTTE	6,397	230,530	0	15,735,014	15,504,484	1.49%	76.59%
CABRILLO	7,356	265,098	296,708	18,195,688	17,633,882	3.19%	75.71%
CERRITOS	12,630	455,175	0	31,419,465	30,964,289	1.47%	78.25%
CHAFFEY	6,150	221,624	0	16,940,032	16,718,408	1.33%	82.10%
CITRUS	6,124	220,714	1,602,917	15,987,603	14,163,971	12.88%	75.71%
COACHELLA VALLEY	4,061	146,350	0	11,524,706	11,378,356	1.29%	81.21%
COAST	29,863	1,076,235	0	73,296,228	72,219,993	1.49%	76.98%
COMPTON	3,203	115,438	0	8,902,789	8,787,351	1.31%	77.07%
CONTRA COSTA	22,972	827,892	0	56,374,778	55,546,885	1.49%	78.27%
EL CAMINO	16,153	582,143	2,339,520	40,695,691	37,774,028	7.73%	75.71%
FOOTHILL DE ANZA	25,853	931,725	0	64,457,807	63,526,082	1.47%	79.96%
FREMONT NEWARK	5,386	194,087	567,926	13,499,151	12,737,139	5.98%	75.71%
GAVILAN	2,679	96,558	100,520	7,221,437	7,024,359	2.81%	75.71%
GLENDALE	7,405	266,862	18,024	17,654,969	17,370,083	1.64%	75.71%
GROSSMONT	12,136	437,369	925,076	29,273,334	27,910,890	4.88%	75.71%
HARTNELL	4,497	162,059	632,696	12,250,406	11,455,651	6.94%	75.71%
IMPERIAL	3,110	112,076	136,363	8,043,695	7,795,256	3.19%	75.71%
KERN	10,771	388,187	372,725	29,482,254	28,721,342	2.65%	75.71%
LAKE TAHOE	609	21,964	0	2,434,567	2,412,603	0.91%	78.61%
LASSEN	1,872	67,479	0	5,737,249	5,669,770	1.19%	80.47%
LONG BEACH	14,170	510,686	0	35,048,124	34,537,438	1.48%	78.18%
LOS ANGELES	61,454	2,214,736	0	174,329,409	172,114,673	1.29%	83.36%
LOS RIOS	27,514	991,551	189,546	66,977,445	65,796,348	1.80%	75.71%
MARIN	5,535	199,492	0	15,960,011	15,760,520	1.27%	80.04%
MENDOCINO LAKE	1,651	59,494	0	5,176,973	5,117,479	1.16%	78.55%
MERCED	5,154	185,734	437,513	12,919,534	12,296,288	5.07%	75.71%
MIRA COSTA	3,822	137,745	0	11,912,322	11,774,577	1.17%	92.33%
MONTEREY PENNINSULA	5,259	189,535	553,966	13,180,241	12,436,739	5.98%	75.71%
MT. SAN ANTONIO	13,855	499,321	1,359,473	33,982,248	32,123,454	5.79%	75.71%
MT. SAN JACINTO	1,984	71,501	377,483	5,837,567	5,388,584	8.33%	75.71%
NAPA VALLEY	3,933	141,754	621,792	10,312,946	9,549,400	8.00%	75.71%
NORTH ORANGE	20,676	745,149	0	52,261,700	51,516,551	1.45%	76.76%
PALO VERDE	377	13,595	192,875	1,574,983	1,368,513	15.09%	75.71%
PALOMAR	10,268	370,040	0	24,804,894	24,434,854	1.51%	75.93%
PASADENA AREA	15,138	545,546	86,774	35,637,038	35,004,718	1.81%	75.71%
PERALTA	16,001	576,642	3,883,733	45,058,943	40,598,568	10.99%	75.71%
RANCHO SANTIAGO	13,026	469,444	0	33,456,282	32,986,838	1.42%	83.28%
REDWOODS	4,455	160,551	0	12,058,935	11,898,384	1.35%	75.95%
RIO HONDO	7,739	278,901	0	19,554,717	19,275,816	1.45%	76.85%

SIMULATION 2: 1987-88 REVENUES PLUS $25 MILLION BY FTES, $25 MILLION LEVELING UP

COLUMN 1	COLUMN 2	COLUMN3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8
		PROGRAM IMPROVEMENT		TOTAL	ACTUAL STATE	PERCENT	PERCENTAGE OF
DISTRICT NAME	FTE STUDENTS	BASED ON WORKLOAD	LEVELING UP	MODELED REVENUES	APPORTIONMENT 1987-88	DIFFERENCE MODEL : ACTUAL	FULL STANDARDS APPORTIONMENT
RIVERSIDE	9,651	347,798	452,541	23,232,881	22,432,542	3.57%	75.71%
SADDLEBACK	12,627	455,058	0	35,513,357	35,058,300	1.30%	87.80%
SAN BERNARDINO	9,598	345,884	1,247,657	25,373,703	23,780,162	6.70%	75.71%
SAN DIEGO	22,872	824,277	0	56,601,573	55,777,297	1.48%	78.74%
SAN FRANCISCO	17,177	619,044	0	46,468,219	45,849,175	1.35%	85.02%
SAN JOAQUIN DELTA	11,004	396,562	267,049	27,123,495	26,459,883	2.51%	75.71%
SAN JOSE	11,483	413,833	0	29,716,961	29,303,129	1.41%	79.25%
SAN LUIS OBISPO	4,649	167,547	573,206	11,580,507	10,839,754	6.83%	75.71%
SAN MATEO	16,892	608,777	0	42,872,973	42,264,196	1.44%	75.93%
SANTA BARBARA	8,100	291,929	224,125	19,521,771	19,005,716	2.72%	75.71%
SANTA CLARITA	2,598	93,613	477,824	7,345,029	6,773,592	8.44%	75.71%
SANTA MONICA	12,753	459,598	66,445	29,615,998	29,089,954	1.81%	75.71%
SEQUOIAS	5,871	211,570	0	14,346,425	14,134,855	1.50%	75.86%
SHASTA-TE-TR	5,693	205,153	777,783	14,387,206	13,404,270	7.33%	75.71%
SIERRA	6,349	228,827	693,559	16,007,791	15,085,405	6.11%	75.71%
SISKIYOU	1,592	57,378	174,561	5,121,753	4,889,814	4.74%	75.71%
SOLANO	5,608	202,101	635,365	14,154,179	13,316,713	6.29%	75.71%
SONOMA	12,888	464,454	568,228	31,282,740	30,250,058	3.41%	75.71%
SOUTH COUNTY	11,185	403,100	0	27,403,081	26,999,981	1.49%	76.14%
SOUTHWESTERN	8,695	313,359	532,692	20,977,521	20,131,470	4.20%	75.71%
STATE CENTER	13,156	474,113	2,065,822	33,484,263	30,944,328	8.21%	75.71%
VENTURA	17,641	635,743	508,376	42,270,435	41,126,316	2.78%	75.71%
VICTOR VALLEY	2,965	106,856	16,805	7,808,981	7,685,321	1.61%	75.71%
WEST HILLS	1,410	50,828	0	6,084,667	6,033,840	0.84%	94.41%
WEST KERN	577	20,800	0	3,624,868	3,604,068	0.58%	95.06%
WEST VALLEY	12,922	465,701	97,610	32,040,630	31,477,319	1.79%	75.71%
YOSEMITE	9,636	347,269	0	25,503,365	25,156,096	1.38%	76.64%
YUBA	5,690	205,051	0	14,941,345	14,736,294	1.39%	78.63%
TOTAL	693,699	25,000,000	25,000,000	1,782,778,306	1,732,778,306	2.89%	77.97%
AVERAGE	9,910	357,143	357,138	25,468,257	24,753,976	3.54%	77.86%
MINIMUM	377	13,595	0	1,574,983	1,368,513	0.58%	75.71%
MAXIMUM	61,454	2,214,736	3,883,733	174,329,409	172,114,673	15.09%	95.06%

SIMULATION 3: 1987-88 REVENUES PLUS $25 MILLION PROPOR[illegible]LLY BY WORKLOAD MEASURES, $25 MILLION LEVELING UP

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8
		PROGRAM IMPROVEMENT		TOTAL	ACTUAL STATE	PERCENT	PERCENTAGE OF
DISTRICT NAME	FTE STUDENTS	BASED ON WORKLOAD	LEVELING UP	MODELED REVENUES	APPORTIONMENT 1987-88	DIFFERENCE MODEL : ACTUAL	FULL STANDARDS APPORTIONMENT
ALLAN HANCOCK	5,575	197,438	0	13,739,428	13,541,990	1.46%	75.89%
ANTELOPE VALLEY	4,544	161,954	926,150	11,503,107	10,415,002	10.45%	75.71%
BARSTOW	1,058	42,524	0	3,959,428	3,916,904	1.09%	78.89%
BUTTE	6,397	221,573	0	15,726,057	15,504,484	1.43%	76.54%
CABRILLO	7,356	261,961	299,785	18,195,628	17,633,882	3.19%	75.71%
CERRITOS	12,630	445,433	0	31,409,722	30,964,289	1.44%	78.23%
CHAFFEY	6,150	224,678	0	16,943,086	16,718,408	1.34%	82.12%
CITRUS	6,124	229,871	1,593,708	15,987,550	14,163,971	12.87%	75.71%
COACHELLA VALLEY	4,061	151,725	0	11,530,081	11,378,356	1.33%	81.24%
COAST	29,863	1,046,096	0	73,266,089	72,219,993	1.45%	76.95%
COMPTON	3,203	121,990	0	8,909,341	8,787,351	1.39%	77.13%
CONTRA COSTA	22,972	793,479	0	56,340,365	55,546,885	1.43%	78.22%
EL CAMINO	16,153	595,859	2,325,670	40,695,556	37,774,028	7.73%	75.71%
FOOTHILL DE ANZA	25,853	895,369	0	64,421,451	63,526,082	1.41%	79.91%
FREMONT NEWARK	5,386	191,839	570,130	13,499,107	12,737,139	5.98%	75.71%
GAVILAN	2,679	98,214	98,840	7,221,413	7,024,359	2.81%	75.71%
GLENDALE	7,405	255,862	28,965	17,654,910	17,370,083	1.64%	75.71%
GROSSMONT	12,136	418,564	943,784	29,273,238	27,910,890	4.88%	75.71%
HARTNELL	4,497	173,296	621,418	12,250,365	11,455,651	6.94%	75.71%
IMPERIAL	3,110	111,620	136,793	8,043,669	7,795,256	3.19%	75.71%
KERN	10,771	407,529	353,286	29,482,157	28,721,342	2.65%	75.71%
LAKE TAHOE	609	22,725	0	2,435,328	2,412,603	0.94%	78.64%
LASSEN	1,872	66,933	0	5,736,703	5,669,770	1.18%	80.46%
LONG BEACH	14,170	500,711	0	35,038,149	34,537,438	1.45%	78.16%
LOS ANGELES	61,454	2,293,134	0	174,407,807	172,114,673	1.33%	83.40%
LOS RIOS	27,514	975,112	205,764	66,977,223	65,796,348	1.79%	75.71%
MARIN	5,535	217,857	0	15,978,377	15,760,520	1.38%	80.13%
MENDOCINO LAKE	1,651	61,443	0	5,178,923	5,117,479	1.20%	78.58%
MERCED	5,154	184,478	438,726	12,919,491	12,296,288	5.07%	75.71%
MIRA COSTA	3,822	137,953	0	11,912,531	11,774,577	1.17%	92.34%
MONTEREY PENNINSULA	5,259	187,896	555,562	13,180,197	12,436,739	5.98%	75.71%
MT. SAN ANTONIO	13,855	502,859	1,355,823	33,982,136	32,123,454	5.79%	75.71%
MT. SAN JACINTO	1,984	75,053	373,911	5,837,548	5,388,584	8.33%	75.71%
NAPA VALLEY	3,933	144,619	618,894	10,312,912	9,549,400	8.00%	75.71%
NORTH ORANGE	20,676	764,517	0	52,281,069	51,516,551	1.48%	76.79%
PALO VERDE	377	14,171	192,293	1,574,978	1,368,513	15.09%	75.71%
PALOMAR	10,268	362,421	0	24,797,275	24,434,854	1.48%	75.90%
PASADENA AREA	15,138	526,323	105,879	35,636,920	35,004,718	1.81%	75.71%
PERALTA	16,001	629,084	3,831,143	45,058,794	40,598,568	10.99%	75.71%
RANCHO SANTIAGO	13,026	455,845	0	33,442,683	32,986,838	1.38%	83.25%
REDWOODS	4,455	169,921	0	12,068,306	11,898,384	1.43%	76.01%
RIO HONDO	7,739	280,224	0	19,556,040	19,275,816	1.45%	76.85%

SIMULATION 3: 1987-88 REVENUES PLUS $25 MILLION PROPORTIONALLY BY WORKLOAD MEASURES, $25 MILLION LEVELING U

COLUMN 1	COLUMN 2	COLUMN3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8
		PROGRAM IMPROVEMENT		TOTAL	ACTUAL STATE	PERCENT	PERCENTAGE OF
DISTRICT NAME	FTE STUDENTS	BASED ON WORKLOAD	LEVELING UP	MODELED REVENUES	APPORTIONMENT 1987-88	DIFFERENCE MODEL : ACTUAL	FULL STANDARDS APPORTIONMENT
RIVERSIDE	9,651	337,424	462,838	23,232,805	22,432,542	3.57%	75.71%
SADDLEBACK	12,627	440,058	0	35,498,358	35,058,300	1.26%	87.76%
SAN BERNARDINO	9,598	361,031	1,232,426	25,373,619	23,780,162	6.70%	75.71%
SAN DIEGO	22,872	816,932	0	56,594,229	55,777,297	1.46%	78.73%
SAN FRANCISCO	17,177	632,779	0	46,481,954	45,849,175	1.38%	85.04%
SAN JOAQUIN DELTA	11,004	396,362	267,161	27,123,405	26,459,883	2.51%	75.71%
SAN JOSE	11,483	410,329	0	29,713,458	29,303,129	1.40%	79.24%
SAN LUIS OBISPO	4,649	163,276	577,440	11,580,469	10,839,754	6.83%	75.71%
SAN MATEO	16,892	617,628	0	42,881,824	42,264,196	1.46%	75.95%
SANTA BARBARA	8,100	285,646	230,344	19,521,706	19,005,716	2.71%	75.71%
SANTA CLARITA	2,598	99,465	471,949	7,345,005	6,773,592	8.44%	75.71%
SANTA MONICA	12,753	433,834	92,111	29,615,900	29,089,954	1.81%	75.71%
SEQUOIAS	5,871	203,289	0	14,338,144	14,134,855	1.44%	75.82%
SHASTA-TE-TR	5,693	205,054	777,834	14,387,158	13,404,270	7.33%	75.71%
SIERRA	6,349	228,546	693,787	16,007,738	15,085,405	6.11%	75.71%
SISKIYOU	1,592	61,771	170,151	5,121,736	4,889,814	4.74%	75.71%
SOLANO	5,608	202,178	635,240	14,154,132	13,316,713	6.29%	75.71%
SONOMA	12,888	461,805	570,774	31,282,636	30,250,058	3.41%	75.71%
SOUTH COUNTY	11,185	399,650	0	27,399,630	26,999,981	1.48%	76.13%
SOUTHWESTERN	8,695	304,379	541,603	20,977,451	20,131,470	4.20%	75.71%
STATE CENTER	13,156	481,369	2,058,456	33,484,152	30,944,328	8.21%	75.71%
VENTURA	17,641	612,651	531,327	42,270,295	41,126,316	2.78%	75.71%
VICTOR VALLEY	2,965	108,836	14,799	7,808,955	7,685,321	1.61%	75.71%
WEST HILLS	1,410	57,667	0	6,091,506	6,033,840	0.96%	94.51%
WEST KERN	577	31,164	0	3,635,232	3,604,068	0.86%	95.33%
WEST VALLEY	12,922	467,982	95,224	32,040,525	31,477,319	1.79%	75.71%
YOSEMITE	9,636	354,815	0	25,510,910	25,156,096	1.41%	76.66%
YUBA	5,690	203,931	0	14,940,224	14,736,294	1.38%	78.63%
TOTAL	693,699	25,000,000	25,000,000	1,782,778,306	1,732,778,306	2.89%	77.97%
AVERAGE	9,910	357,143	357,143	25,468,261	24,753,976	3.55%	77.87%
MINIMUM	377	14,171	0	1,574,978	1,368,513	0.86%	75.71%
MAXIMUM	61,454	2,293,134	3,831,143	174,407,807	172,114,673	15.09%	95.33%

SIMULATION 4: 1987-88 REVENUES PLUS $ [illegible] LION BY FTES, $50 MILLION LEVELING UP

COLUMN 1	COLUMN 2	COLUMN3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8
		PROGRAM IMPROVEMENT		TOTAL	ACTUAL STATE	PERCENT	PERCENTAGE OF
DISTRICT NAME	FTE STUDENTS	BASED ON WORKLOAD	LEVELING UP	MODELED REVENUES	APPORTIONMENT 1987-88	DIFFERENCE MODEL : ACTUAL	FULL STANDARDS APPORTIONMENT
ALLAN HANCOCK	5,575	401,847	308,361	14,252,199	13,541,990	5.24%	78.72%
ANTELOPE VALLEY	4,544	327,486	1,217,841	11,960,330	10,415,002	14.84%	78.72%
BARSTOW	1,058	76,259	0	3,993,164	3,916,904	1.95%	79.56%
BUTTE	6,397	461,060	207,628	16,173,172	15,504,484	4.31%	78.72%
CABRILLO	7,356	530,196	754,786	18,918,864	17,633,882	7.29%	78.72%
CERRITOS	12,630	910,351	0	31,874,640	30,964,289	2.94%	79.39%
CHAFFEY	6,150	443,248	0	17,161,656	16,718,408	2.65%	83.18%
CITRUS	6,124	441,429	2,017,620	16,623,019	14,163,971	17.36%	78.72%
COACHELLA VALLEY	4,061	292,699	0	11,671,055	11,378,356	2.57%	82.24%
COAST	29,863	2,152,470	574,349	74,946,811	72,219,993	3.78%	78.72%
COMPTON	3,203	230,877	74,892	9,093,120	8,787,351	3.48%	78.72%
CONTRA COSTA	22,972	1,655,785	0	57,202,670	55,546,885	2.98%	79.42%
EL CAMINO	16,153	1,164,285	3,374,801	42,313,114	37,774,028	12.02%	78.72%
FOOTHILL DE ANZA	25,853	1,863,450	0	65,389,532	63,526,082	2.93%	81.11%
FREMONT NEWARK	5,386	388,174	910,353	14,035,666	12,737,139	10.19%	78.72%
GAVILAN	2,679	193,115	290,974	7,508,448	7,024,359	6.89%	78.72%
GLENDALE	7,405	533,724	452,847	18,356,654	17,370,083	5.68%	78.72%
GROSSMONT	12,136	874,737	1,651,156	30,436,784	27,910,890	9.05%	78.72%
HARTNELL	4,497	324,118	957,521	12,737,290	11,455,651	11.19%	78.72%
IMPERIAL	3,110	224,152	343,978	8,363,386	7,795,256	7.29%	78.72%
KERN	10,771	776,374	1,156,291	30,654,007	28,721,342	6.73%	78.72%
LAKE TAHOE	609	43,928	0	2,456,530	2,412,603	1.82%	79.32%
LASSEN	1,872	134,959	0	5,804,728	5,669,770	2.38%	81.42%
LONG BEACH	14,170	1,021,372	0	35,558,810	34,537,438	2.96%	79.32%
LOS ANGELES	61,454	4,429,472	0	176,544,145	172,114,673	2.57%	84.42%
LOS RIOS	27,514	1,983,102	1,859,969	69,639,419	65,796,348	5.84%	78.72%
MARIN	5,535	398,983	0	16,159,503	15,760,520	2.53%	81.04%
MENDOCINO LAKE	1,651	118,988	0	5,236,467	5,117,479	2.33%	79.46%
MERCED	5,154	371,467	765,258	13,433,012	12,296,288	9.24%	78.72%
MIRA COSTA	3,822	275,490	0	12,050,067	11,774,577	2.34%	93.40%
MONTEREY PENNINSULA	5,259	379,070	888,271	13,704,080	12,436,739	10.19%	78.72%
MT. SAN ANTONIO	13,855	998,642	2,210,754	35,332,850	32,123,454	9.99%	78.72%
MT. SAN JACINTO	1,984	143,002	537,992	6,069,577	5,388,584	12.64%	78.72%
NAPA VALLEY	3,933	283,508	889,920	10,722,827	9,549,400	12.29%	78.72%
NORTH ORANGE	20,676	1,490,298	589,372	53,596,221	51,516,551	4.04%	78.72%
PALO VERDE	377	27,191	241,876	1,637,580	1,368,513	19.66%	78.72%
PALOMAR	10,268	740,080	542,160	25,717,094	24,434,854	5.25%	78.72%
PASADENA AREA	15,138	1,091,092	957,598	37,053,408	35,004,718	5.85%	78.72%
PERALTA	16,001	1,153,284	5,097,929	46,849,781	40,598,568	15.40%	78.72%
RANCHO SANTIAGO	13,026	938,888	0	33,925,726	32,986,838	2.85%	84.45%
REDWOODS	4,455	321,102	278,800	12,498,286	11,898,384	5.04%	78.72%
RIO HONDO	7,739	557,801	196,628	20,030,246	19,275,816	3.91%	78.72%

SIMULATION 4: 1987-88 REVENUES PLUS $50 MILLION BY FTES, $50 MILLION LEVELING UP

COLUMN 1	COLUMN 2	COLUMN3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8
		PROGRAM IMPROVEMENT		TOTAL	ACTUAL STATE	PERCENT	PERCENTAGE OF
DISTRICT NAME	FTE STUDENTS	BASED ON WORKLOAD	LEVELING UP	MODELED REVENUES	APPORTIONMENT 1987-88	DIFFERENCE MODEL : ACTUAL	FULL STANDARDS APPORTIONMENT
RIVERSIDE	9,651	695,597	1,028,118	24,156,257	22,432,542	7.68%	78.72%
SADDLEBACK	12,627	910,115	0	35,968,415	35,058,300	2.60%	88.93%
SAN BERNARDINO	9,598	691,769	1,910,233	26,382,164	23,780,162	10.94%	78.72%
SAN DIEGO	22,872	1,648,553	0	57,425,850	55,777,297	2.96%	79.88%
SAN FRANCISCO	17,177	1,238,088	0	47,087,263	45,849,175	2.70%	86.15%
SAN JOAQUIN DELTA	11,004	793,125	948,492	28,201,500	26,459,883	6.58%	78.72%
SAN JOSE	11,483	827,665	0	30,130,794	29,303,129	2.82%	80.35%
SAN LUIS OBISPO	4,649	335,095	865,918	12,040,767	10,839,754	11.08%	78.72%
SAN MATEO	16,892	1,217,553	965,441	44,447,190	42,264,196	5.17%	78.72%
SANTA BARBARA	8,100	583,859	708,076	20,297,651	19,005,716	6.80%	78.72%
SANTA CLARITA	2,598	187,226	676,135	7,636,953	6,773,592	12.75%	78.72%
SANTA MONICA	12,753	919,197	783,915	30,793,066	29,089,954	5.85%	78.72%
SEQUOIAS	5,871	423,141	329,240	14,887,236	14,134,855	5.32%	78.72%
SHASTA-TE-TR	5,693	410,305	1,144,440	14,959,016	13,404,270	11.60%	78.72%
SIERRA	6,349	457,654	1,100,951	16,644,010	15,085,405	10.33%	78.72%
SISKIYOU	1,592	114,756	320,744	5,325,313	4,889,814	8.91%	78.72%
SOLANO	5,608	404,202	995,812	14,716,727	13,316,713	10.51%	78.72%
SONOMA	12,888	928,907	1,347,086	32,526,051	30,250,058	7.52%	78.72%
SOUTH COUNTY	11,185	806,201	525,725	28,331,906	26,999,981	4.93%	78.72%
SOUTHWESTERN	8,695	626,719	1,053,070	21,811,258	20,131,470	8.34%	78.72%
STATE CENTER	13,156	948,226	2,922,519	34,815,073	30,944,328	12.51%	78.72%
VENTURA	17,641	1,271,485	1,552,643	43,950,445	41,126,316	6.87%	78.72%
VICTOR VALLEY	2,965	213,712	220,312	8,119,344	7,685,321	5.65%	78.72%
WEST HILLS	1,410	101,656	0	6,135,495	6,033,840	1.68%	95.20%
WEST KERN	577	41,599	0	3,645,667	3,604,068	1.15%	95.61%
WEST VALLEY	12,922	931,403	905,342	33,314,064	31,477,319	5.84%	78.72%
YOSEMITE	9,636	694,538	345,961	26,196,595	25,156,096	4.14%	78.72%
YUBA	5,690	410,103	0	15,146,396	14,736,294	2.78%	79.71%
TOTAL	693,699	50,000,000	50,000,098	1,832,778,404	1,732,778,306	5.77%	80.15%
AVERAGE	9,910	714,286	714,287	26,182,549	24,753,976	6.66%	80.15%
MINIMUM	377	27,191	0	1,637,580	1,368,513	1.15%	78.72%
MAXIMUM	61,454	4,429,472	5,097,929	176,544,145	172,114,673	19.66%	95.61%

SIMULATION 5: 1987-88 REVENUES PLUS $50 MILLION PROPORTIONALLY BY WORKLOAD MEASURES, $50 MILLION LEVELING UP

COLUMN 1	COLUMN 2	COLUMN3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8
		PROGRAM IMPROVEMENT		TOTAL	ACTUAL STATE	PERCENT	PERCENTAGE OF
DISTRICT NAME	FTE STUDENTS	BASED ON WORKLOAD	LEVELING UP	MODELED REVENUES	APPORTIONMENT 1987-88	DIFFERENCE MODEL : ACTUAL	FULL STANDARDS APPORTIONMENT
ALLAN HANCOCK	5,575	394,876	315,041	14,251,907	13,541,990	5.24%	78.72%
ANTELOPE VALLEY	4,544	323,909	1,221,174	11,960,085	10,415,002	14.84%	78.72%
BARSTOW	1,058	85,048	0	4,001,952	3,916,904	2.17%	79.74%
BUTTE	6,397	443,145	225,211	16,172,841	15,504,484	4.31%	78.72%
CABRILLO	7,356	523,923	760,672	18,918,477	17,633,882	7.28%	78.72%
CERRITOS	12,630	890,865	0	31,855,154	30,964,289	2.88%	79.34%
CHAFFEY	6,150	449,357	0	17,167,764	16,718,408	2.69%	83.21%
CITRUS	6,124	459,741	1,998,967	16,622,679	14,163,971	17.36%	78.72%
COACHELLA VALLEY	4,061	303,450	0	11,681,806	11,378,356	2.67%	82.31%
COAST	29,863	2,092,192	633,094	74,945,279	72,219,993	3.77%	78.72%
COMPTON	3,203	243,981	61,602	9,092,934	8,787,351	3.48%	78.72%
CONTRA COSTA	22,972	1,586,958	0	57,133,844	55,546,885	2.86%	79.32%
EL CAMINO	16,153	1,191,718	3,346,503	42,312,248	37,774,028	12.01%	78.72%
FOOTHILL DE ANZA	25,853	1,790,738	0	65,316,820	63,526,082	2.82%	81.02%
FREMONT NEWARK	5,386	383,677	914,563	14,035,379	12,737,139	10.19%	78.72%
GAVILAN	2,679	196,428	287,508	7,508,295	7,024,359	6.89%	78.72%
GLENDALE	7,405	511,724	474,471	18,356,278	17,370,083	5.68%	78.72%
GROSSMONT	12,136	837,128	1,688,143	30,436,161	27,910,890	9.05%	78.72%
HARTNELL	4,497	346,593	934,786	12,737,030	11,455,651	11.19%	78.72%
IMPERIAL	3,110	223,239	344,720	8,363,215	7,795,256	7.29%	78.72%
KERN	10,771	815,058	1,116,980	30,653,380	28,721,342	6.73%	78.72%
LAKE TAHOE	609	45,450	0	2,458,053	2,412,603	1.88%	79.37%
LASSEN	1,872	133,866	0	5,803,636	5,669,770	2.36%	81.40%
LONG BEACH	14,170	1,001,422	0	35,538,860	34,537,438	2.90%	79.28%
LOS ANGELES	61,454	4,586,268	0	176,700,941	172,114,673	2.66%	84.50%
LOS RIOS	27,514	1,950,223	1,891,423	69,637,994	65,796,348	5.84%	78.72%
MARIN	5,535	435,714	0	16,196,234	15,760,520	2.76%	81.22%
MENDOCINO LAKE	1,651	122,887	0	5,240,366	5,117,479	2.40%	79.52%
MERCED	5,154	368,955	767,495	13,432,738	12,296,288	9.24%	78.72%
MIRA COSTA	3,822	275,907	0	12,050,484	11,774,577	2.34%	93.40%
MONTEREY PENNINSULA	5,259	375,792	891,269	13,703,800	12,436,739	10.19%	78.72%
MT. SAN ANTONIO	13,855	1,005,718	2,202,956	35,332,127	32,123,454	9.99%	78.72%
MT. SAN JACINTO	1,984	150,106	530,764	6,069,453	5,388,584	12.64%	78.72%
NAPA VALLEY	3,933	289,237	883,971	10,722,608	9,549,400	12.29%	78.72%
NORTH ORANGE	20,676	1,529,035	549,538	53,595,125	51,516,551	4.03%	78.72%
PALO VERDE	377	28,343	240,691	1,637,546	1,368,513	19.66%	78.72%
PALOMAR	10,268	724,842	556,872	25,716,568	24,434,854	5.25%	78.72%
PASADENA AREA	15,138	1,052,646	995,286	37,052,650	35,004,718	5.85%	78.72%
PERALTA	16,001	1,258,167	4,992,088	46,848,823	40,598,568	15.40%	78.72%
RANCHO SANTIAGO	13,026	911,690	0	33,898,528	32,986,838	2.76%	84.38%
REDWOODS	4,455	339,843	259,803	12,498,030	11,898,384	5.04%	78.72%
RIO HONDO	7,739	560,448	193,572	20,029,836	19,275,816	3.91%	78.72%

SIMULATION 5: 1987-88 REVENUES PLUS $50 MILLION PROPORTIONALLY BY WORKLOAD MEASURES, $50 MILLION LEVELING UP

COLUMN 1	COLUMN 2	COLUMN3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8
		PROGRAM IMPROVEMENT		TOTAL	ACTUAL STATE	PERCENT	PERCENTAGE OF
DISTRICT NAME	FTE STUDENTS	BASED ON WORKLOAD	LEVELING UP	MODELED REVENUES	APPORTIONMENT 1987-88	DIFFERENCE MODEL : ACTUAL	FULL STANDARDS APPORTIONMENT
RIVERSIDE	9,651	674,849	1,048,371	24,155,763	22,432,542	7.68%	78.72%
SADDLEBACK	12,627	880,116	0	35,938,416	35,058,300	2.51%	88.85%
SAN BERNARDINO	9,598	722,062	1,879,400	26,381,624	23,780,162	10.94%	78.72%
SAN DIEGO	22,872	1,633,865	0	57,411,161	55,777,297	2.93%	79.86%
SAN FRANCISCO	17,177	1,265,558	0	47,114,732	45,849,175	2.76%	86.20%
SAN JOAQUIN DELTA	11,004	792,723	948,317	28,200,924	26,459,883	6.58%	78.72%
SAN JOSE	11,483	820,658	0	30,123,787	29,303,129	2.80%	80.34%
SAN LUIS OBISPO	4,649	326,551	874,216	12,040,521	10,839,754	11.08%	78.72%
SAN MATEO	16,892	1,235,256	946,829	44,446,281	42,264,196	5.16%	78.72%
SANTA BARBARA	8,100	571,292	720,228	20,297,236	19,005,716	6.80%	78.72%
SANTA CLARITA	2,598	198,929	664,275	7,636,797	6,773,592	12.74%	78.72%
SANTA MONICA	12,753	867,669	834,813	30,792,436	29,089,954	5.85%	78.72%
SEQUOIAS	5,871	406,578	345,498	14,886,931	14,134,855	5.32%	78.72%
SHASTA-TE-TR	5,693	410,107	1,144,333	14,958,710	13,404,270	11.60%	78.72%
SIERRA	6,349	457,093	1,101,172	16,643,669	15,085,405	10.33%	78.72%
SISKIYOU	1,592	123,542	311,849	5,325,204	4,889,814	8.90%	78.72%
SOLANO	5,608	404,357	995,356	14,716,426	13,316,713	10.51%	78.72%
SONOMA	12,888	923,609	1,351,719	32,525,386	30,250,058	7.52%	78.72%
SOUTH COUNTY	11,185	799,299	532,047	28,331,327	26,999,981	4.93%	78.72%
SOUTHWESTERN	8,695	608,757	1,070,585	21,810,812	20,131,470	8.34%	78.72%
STATE CENTER	13,156	962,737	2,907,296	34,814,361	30,944,328	12.51%	78.72%
VENTURA	17,641	1,225,303	1,597,927	43,949,546	41,126,316	6.86%	78.72%
VICTOR VALLEY	2,965	217,672	216,186	8,119,178	7,685,321	5.65%	78.72%
WEST HILLS	1,410	115,334	0	6,149,173	6,033,840	1.91%	95.41%
WEST KERN	577	62,328	0	3,666,396	3,604,068	1.73%	96.15%
WEST VALLEY	12,922	935,964	900,100	33,313,383	31,477,319	5.83%	78.72%
YOSEMITE	9,636	709,629	330,334	26,196,059	25,156,096	4.13%	78.72%
YUBA	5,690	407,861	0	15,144,155	14,736,294	2.77%	79.70%
TOTAL	693,699	50,000,000	50,000,000	1,832,778,306	1,732,778,306	5.77%	80.15%
AVERAGE	9,910	714,286	714,286	26,182,547	24,753,976	6.68%	80.17%
MINIMUM	377	28,343	0	1,637,546	1,368,513	1.73%	78.72%
MAXIMUM	61,454	4,586,268	4,992,088	176,700,941	172,114,673	19.66%	96.15%

SIMULATION 6: DISTRICT [illegible]S AT 100 PERCENT OF STANDARDS

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8	COLUMN 9	COLUMN 10	COLUMN 11
DISTRICT NAME	FTE STUDENTS	INSTRUCTION	ACADEMIC ADMINIS-TRATION	INSTRUCTIONAL SERVICES & LIBRARIES	STUDENT SERVICES	MAINTENANCE & OPERATIONS	INSTITUTIONAL SUPPORT	TOTAL REVENUES	ACTUAL STATE APPORTIONMENT 1987-88	PERCENT DIFFERENCE MODEL - ACTUAL
ALLAN HANCOCK	5,575	10,168,023	1,271,003	836,526	1,299,137	1,724,888	2,805,715	18,105,291	13,541,990	33.70%
ANTELOPE VALLEY	4,544	8,330,777	1,041,347	712,724	1,182,383	1,567,838	2,358,744	15,193,813	10,415,002	45.88%
BARSTOW	1,058	2,418,116	302,265	359,351	454,147	698,866	786,096	5,018,842	3,916,904	28.13%
BUTTE	6,397	11,616,662	1,452,083	935,108	1,341,973	2,017,522	3,182,253	20,545,600	15,504,484	32.51%
CABRILLO	7,356	13,291,962	1,661,495	1,050,212	1,694,050	2,607,190	3,728,683	24,033,592	17,633,882	36.29%
CERRITOS	12,630	22,506,993	2,813,374	1,683,122	2,455,316	4,468,790	6,222,844	40,150,439	30,964,289	29.67%
CHAFFEY	6,150	11,182,238	1,397,780	905,453	1,627,213	2,313,949	3,205,771	20,632,403	16,718,408	23.41%
CITRUS	6,124	11,137,812	1,392,226	902,425	1,406,073	2,991,055	3,287,473	21,117,064	14,163,971	49.09%
COACHELLA VALLEY	4,061	7,464,418	933,052	654,808	1,129,675	1,800,297	2,209,840	14,192,089	11,378,356	24.73%
COAST	29,863	53,260,647	6,657,581	4,086,098	6,799,379	9,646,504	14,758,526	95,208,734	72,219,993	31.83%
COMPTON	3,203	5,913,853	739,232	551,882	708,024	1,836,424	1,802,037	11,551,451	8,787,351	31.46%
CONTRA COSTA	22,972	40,954,356	5,119,294	3,259,179	4,607,262	6,937,833	11,151,726	72,029,650	55,546,885	29.67%
EL CAMINO	16,153	28,785,129	3,598,141	2,105,893	3,704,771	7,199,501	8,359,059	53,752,494	37,774,028	42.30%
FOOTHILL DE ANZA	25,853	46,070,864	5,758,858	3,437,415	5,741,789	7,130,711	12,476,156	80,615,794	63,526,082	26.90%
FREMONT NEWARK	5,386	9,831,708	1,228,963	813,762	1,210,772	1,978,137	2,766,876	17,830,218	12,737,139	39.99%
GAVILAN	2,679	5,082,687	635,336	489,014	638,425	1,209,064	1,483,838	9,538,363	7,024,359	35.79%
GLENDALE	7,405	13,376,991	1,672,124	1,056,086	1,656,776	1,949,535	3,607,877	23,319,388	17,370,083	34.25%
GROSSMONT	12,136	22,087,703	2,760,963	1,833,589	2,712,077	3,286,987	5,984,071	38,665,389	27,910,890	38.53%
HARTNELL	4,497	8,247,097	1,030,887	707,117	1,128,257	2,542,478	2,524,990	16,180,825	11,455,651	41.25%
IMPERIAL	3,110	5,744,341	718,043	540,685	674,460	1,295,840	1,651,065	10,624,434	7,795,256	36.29%
KERN	10,771	20,043,210	2,505,401	1,868,252	2,518,272	5,933,549	6,072,656	38,941,339	28,721,342	35.58%
LAKE TAHOE	609	1,475,794	184,474	325,709	410,322	215,264	485,418	3,096,981	2,412,603	28.37%
LASSEN	1,872	3,818,287	477,286	420,431	461,064	843,856	1,108,727	7,129,651	5,669,770	25.75%
LONG BEACH	14,170	25,251,812	3,156,477	1,867,959	2,824,694	4,781,271	6,945,147	44,827,361	34,537,438	29.79%
LOS ANGELES	61,454	109,912,111	13,739,014	8,893,580	15,675,861	28,340,147	32,564,340	209,125,053	172,114,673	21.50%
LOS RIOS	27,514	49,035,466	6,129,433	3,804,122	6,028,074	9,746,547	13,722,842	83,466,484	65,796,348	34.46%
MARIN	5,535	10,097,641	1,262,205	831,758	1,318,804	3,316,733	3,112,987	19,940,128	15,760,520	26.52%
MENDOCINO LAKE	1,651	3,477,056	434,632	403,813	639,711	609,215	1,025,959	6,590,385	5,117,479	28.78%
MERCED	5,154	9,419,836	1,177,479	785,947	1,097,839	1,935,676	2,647,860	17,064,637	12,296,288	38.78%
MIRA COSTA	3,822	7,034,195	879,274	626,157	982,312	1,375,770	2,003,687	12,901,395	11,774,577	9.57%
MONTEREY PENNINSULA	5,259	9,607,388	1,200,924	798,605	1,101,537	1,999,190	2,701,344	17,408,988	12,436,739	39.98%
MT. SAN ANTONIO	13,855	24,689,855	3,086,232	1,830,117	2,780,478	5,531,949	6,966,480	44,885,111	32,123,454	39.73%
MT. SAN JACINTO	1,984	3,978,895	497,362	428,800	618,416	984,831	1,202,188	7,710,492	5,388,584	43.09%
NAPA VALLEY	3,933	7,234,780	904,348	639,506	836,096	1,887,454	2,119,567	13,621,751	9,549,400	42.65%
NORTH ORANGE	20,676	36,845,275	4,605,659	2,816,163	4,551,795	8,687,047	10,580,056	68,085,997	51,516,551	32.16%
PALO VERDE	377	920,983	115,123	308,293	234,179	174,193	327,530	2,080,300	1,368,513	52.01%
PALOMAR	10,268	18,297,315	2,287,164	1,399,642	2,286,843	3,335,002	5,063,761	32,669,729	24,434,854	33.70%
PASADENA AREA	15,138	26,975,533	3,371,942	1,984,034	2,798,461	4,657,706	7,283,147	47,070,823	35,004,718	34.47%
PERALTA	16,001	29,353,493	3,669,187	2,919,440	4,080,002	10,185,786	9,307,744	59,515,652	40,598,568	46.60%
RANCHO SANTIAGO	13,026	23,212,522	2,901,565	1,730,633	2,938,569	3,177,123	6,211,769	40,172,180	32,986,838	21.78%
REDWOODS	4,455	8,172,111	1,021,514	702,095	985,170	2,520,368	2,475,949	15,877,206	11,898,384	33.44%
RIO HONDO	7,739	13,956,029	1,744,504	1,096,171	1,816,342	2,882,235	3,950,156	25,445,437	19,275,816	32.01%
RIVERSIDE	9,651	17,229,372	2,153,671	1,325,583	2,148,920	3,073,830	4,755,541	30,686,918	22,432,542	36.80%
SADDLEBACK	12,627	22,713,723	2,839,215	1,850,230	2,891,080	3,885,402	6,368,087	40,[illegible],739	35,058,300	15.37%
SAN BERNARDINO	9,598	17,359,159	2,169,895	1,491,024	2,257,948	5,012,457	5,224,118	33,514,600	23,780,162	40.94%
SAN DIEGO	22,872	40,777,107	5,097,138	3,247,139	5,491,150	6,143,239	11,131,727	71,887,499	55,777,297	28.88%
SAN FRANCISCO	17,177	30,609,777	3,826,222	2,228,764	3,483,421	6,036,860	8,471,764	54,656,809	45,849,175	19.21%
SAN JOAQUIN DELTA	11,004	19,608,763	2,451,095	1,487,955	2,122,656	4,592,876	5,562,450	35,825,796	26,459,883	35.40%

SIMULATION 6: DISTRICT REVENUES AT 100 PERCENT OF STANDARDS

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8	COLUMN 9	COLUMN 10	COLUMN 11
DISTRICT NAME	FTE STUDENTS	INSTRUCTION	ACADEMIC ADMINIS-TRATION	INSTRUCTIONAL SERVICES & LIBRARIES	STUDENT SERVICES	MAINTENANCE & OPERATIONS	INSTITUTIONAL SUPPORT	TOTAL REVENUES	ACTUAL STATE APPORTIONMENT 1987-88	PERCENT DIFFERENCE MODEL : ACTUAL
SAN JOSE	11,483	20,474,395	2,559,299	1,712,961	2,593,058	4,334,830	5,823,049	37,497,592	29,303,129	27.96%
SAN LUIS OBISPO	4,649	8,519,692	1,064,962	725,392	1,055,154	1,558,958	2,371,839	15,295,997	10,839,754	41.11%
SAN MATEO	16,892	30,160,418	3,770,052	2,529,577	4,460,514	6,760,713	8,782,244	56,463,519	42,264,196	33.60%
SANTA BARBARA	8,100	14,580,311	1,822,539	1,139,553	1,649,320	2,599,646	3,993,766	25 785,135	19,005,716	35.67%
SANTA CLARITA	2,598	4,960,055	620,007	479,208	612,312	1,516,425	1,513,600	9,701,608	6,773,592	43.23%
SANTA MONICA	12,753	22,725,696	2,840,712	1,697,850	2,575,988	3,231,534	6,046,214	39,117,993	29,089,954	34.47%
SEQUOIAS	5,871	10,690,446	1,336,306	871,977	1,179,524	1,904,473	2,929,284	18,912,010	14,134,855	33.80%
SHASTA-TE-TR	5,693	10,375,743	1,296,968	850,608	1,204,806	2,324,033	2,951,038	19,003,196	13,404,270	41.77%
SIERRA	6,349	11,533,685	1,441,711	929,437	1,596,091	2,359,136	3,283,670	21,143,729	15,085,405	40.16%
SISKIYOU	1,592	3,381,659	422,707	399,409	472,523	1,031,666	1,057,051	6,765,015	4,889,814	38.35%
SOLANO	5,608	10,225,878	1,278,235	840,446	1,327,928	2,120,056	2,902,862	18,695,405	13,316,713	40.39%
SONOMA	12,888	22,965,769	2,870,721	1,714,016	3,369,700	3,991,157	6,408,129	41,319,492	30,250,058	36.59%
SOUTH COUNTY	11,185	19,932,044	2,491,506	1,509,725	2,707,459	3,767,398	5,583,325	35,991,457	26,999,981	33.30%
SOUTHWESTERN	8,695	15,601,794	1,950,224	1,210,910	1,757,936	2,894,130	4,292,954	27,707,947	20,131,470	37.63%
STATE CENTER	13,156	23,714,657	2,964,332	1,920,803	2,658,631	6,091,759	6,877,170	44,227,352	30,944,328	42.93%
VENTURA	17,641	31,520,649	3,940,081	2,619,367	4,063,202	5,040,446	8,648,733	55,832,479	41,126,316	35.76%
VICTOR VALLEY	2,965	5,495,524	686,941	523,304	779,766	1,224,301	1,604,579	10,314,414	7,685,321	34.21%
WEST HILLS	1,410	3,073,133	384,142	385,778	467,257	1,124,597	1,010,153	6,445,060	6,033,840	6.82%
WEST KERN	577	1,403,279	175,410	323,286	282,295	1,022,610	606,294	3,813,174	3,604,068	5.80%
WEST VALLEY	12,922	23,027,474	2,878,434	1,885,672	3,352,129	4,603,151	6,573,685	42,320,545	31,477,319	34.45%
YOSEMITE	9,636	17,646,590	2,205,824	1,538,365	2,165,955	4,543,289	5,178,840	33,278,862	25,156,096	32.29%
YUBA	5,690	10,370,762	1,296,345	850,270	1,230,964	2,302,173	2,950,834	19,001,348	14,736,294	28.94%
TOTAL	693,699	1,250,959,516	156,369,940	101,690,284	159,114,484	263,415,469	355,035,951	2,286,585,644	1,732,778,306	31.96%
AVERAGE	9,910	17,870,850	2,233,856	1,452,718	2,273,064	3,763,078	5,071,942	32,665,509	24,753,976	33.40%
MINIMUM	377	920,983	115,123	308,293	234,179	174,193	327,530	2,080,300	1,368,513	5.80%
MAXIMUM	61,454	109,912,111	13,739,014	8,893,580	15,675,861	28,340,147	32,564,340	209,125,053	172,114,673	52.01%

ERIC Clearinghouse for Junior Colleges